

June 20, 2012

VIA HAND DELIVERY & ELECTRONIC MAIL

Luly E. Massaro, Division Clerk
Rhode Island Division of Public Utilities & Carriers
89 Jefferson Boulevard
Warwick, RI 02888

**RE: Docket No. D-12-12 - Application of The Narragansett Electric Company
d/b/a National Grid Regarding Issuance of New Long-Term Debt
Responses to Division Data Requests – Set 1**

Dear Ms. Massaro:

Enclosed are National Grid's¹ responses to the Division's First Set of Data Requests issued in the above-referenced proceeding.

Thank you for your attention to this transmittal. If you have any questions, please feel free to contact me at (401) 784-7667.

Very truly yours,



Thomas R. Teehan

Enclosure

cc: Leo Wold, Esq., Division
Steve Scialabba, Division

¹ The Narragansett Electric Company d/b/a National Grid ("National Grid" or "Company").

The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-12-12
In re: Application for Long-Term Debt Issuance
Responses to Division's First Set of Data Requests
Issued May 30, 2012

Division 1-1

Request:

Please provide a copy of all Narragansett Electric and National Grid credit rating reports since January 1, 2011.

Response:

Please refer to Attachment 1- DIV 1-1 for the Company and Attachment 2- DIV 1-1 for National Grid plc credit rating reports.



Credit Opinion: Narragansett Electric Company

Global Credit Research - 28 Jun 2011

Providence, Rhode Island, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	A3
First Mortgage Bonds	A1
Senior Secured MTN	(P)A1
Senior Unsecured	A3
Pref. Stock	Baa2
Ult Parent: National Grid Plc	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2
Other Short Term	(P)P-2
Parent: National Grid USA	
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2

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Key Indicators

Narragansett Electric Company[1]	3/31/2010	3/31/2009	3/31/2008	3/31/2007
CFO pre-WC + Interest/ Interest	11.1x	7.0x	8.6x	10.8x
CFO pre-WC / Debt	16.0%	16.2%	63.5%	52.9%
CFO pre-WC - Dividends / Debt	-20.7%	16.2%	63.5%	24.4%
Debt / Capitalization	36.9%	23.5%	9.3%	11.6%

[1] All ratios are calculated using Moody's Standard Adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying [User's Guide](#).

Opinion

Corporate Profile

Narragansett Electric Company ("NEC") is a retail distribution company providing electric service to approximately 487,000 customers and gas service to approximately 255,000 customers in 38 cities and towns in Rhode Island. For the year ended March 31, 2010, NEC reported operating revenues for electricity of USD879 million (2009: USD1,128 million) and for gas of USD464 million (2009: USD464 million).

NEC is a wholly owned subsidiary of National Grid USA ("NG USA" rated Baa1/Prime-2, stable) whose ultimate parent is National Grid plc (rated Baa1/Prime-2, stable), a holding company for a range of largely regulated businesses, including transmission and distribution networks in the UK and the Northeastern US.

Recent Developments

Moody's downgraded the ratings of NG USA to Baa1/Prime-2 from A3/Prime-2 on 23 May 2011. This rating action followed the announcement

that 50% of NG USA's ordinary shares had been converted into preference shares indirectly held by NG USA's parent, National Grid Holdings Inc ("NGHI"). Based on Moody's methodology for hybrid instruments (see Revisions to Moody's Hybrid Tool Kit) and NGHI's 100% ownership of NG USA, the preference shares were considered to significantly increase gearing at NG USA to the detriment of its stand-alone credit profile. In particular, the preference shares substantially eliminated excess debt capacity which had previously supported NG USA's rating above the Baa1 level implied by Moody's methodology for complex European utility groups.

National Grid reported its preliminary results for 2010/11 on 19 May 2011, announcing:

- Pre-tax profit up 25%
- Operating profit up 15%
- Capital investment of £3.6 billion including £2.1 billion in the UK regulated businesses

Moody's notes that timing differences, accounting for GBP433 million, were a significant contributor to the GBP476 million growth in operating profit for 2010/11. However, net regulated income also increased, by GBP203 million, due to the emerging benefit of recent rate case settlements for the group's US operations together with customer growth and higher volumes in the US. With low inflation/deflation during 2009 limiting allowed tariff increases under the regulatory RPI-X formula, operating profit for the UK transmission business grew by 4% whilst that for gas distribution fell by 2%.

With gains in the US being offset, to a large extent by higher post-retirement costs (up by GBP89 million) and depreciation (up by GBP41 million), the increase in operating profit on a constant currency basis and excluding timing differences was only around 1%.

In January 2011, National Grid announced a restructuring of its US operations and an efficiency programme targeting a USD200 million per annum cost reduction which it expects to achieve by the end of the 2011/12 financial year.

Rating Rationale

Moody's rating assessment of NEC is based on the rating agency's rating methodology for Regulated Electric and Gas Utilities published in August 2009, and primarily reflects the company's favourable business and operating risk profile underpinned by its natural monopoly position and strong cash flow generation from its regulated activities. The rating also takes into account the company's ownership by National Grid in light of Moody's methodology for complex European utility groups (see European Regulated Utility Groups: Methodology Update, January 2007).

DETAILED RATING CONSIDERATIONS

The following factors influence Narragansett's rating under the Regulated Electric and Gas Utilities methodology.

FACTOR 1: REGULATORY FRAMEWORK

Moody's has a generally favourable view of the regulatory environment in which NEC operates but it is considered less attractive than that covering National Grid's regulated UK subsidiaries and poses a number of challenges for the company.

NEC is subject to regulation by the Rhode Island Public Utilities Commission ("RIPUC") and the Federal Energy Regulatory Commission ("FERC") with respect to the rates that it charges its customers. The RIPUC regulates retail services, including the distribution and sale of natural gas and electricity to consumers. FERC regulates interstate natural gas transportation and electric transmission and has jurisdiction over certain wholesale natural gas sales and wholesale electric sales.

The US regulatory framework has some similarities with that in the UK. For example, each is based on a building block approach intended to allow the utility to recover its operating costs, pay tax, receive regulatory depreciation and earn a return on past investments. However, there are important differences: (i) in many states, the system is based on historic rather than prospective costs; (ii) returns are determined on a nominal rather than a real basis; (iii) US regulators take account of the actual rather than a notional capital structure; and (iv) US utilities are able to make full or partial filings as necessary rather than being bound by a fixed regulatory timetable. Finally, the US system is quasi-judicial with multiple parties including government bodies and officials, consumer advocacy groups and various energy consumers, who have differing concerns, but generally a common objective of limiting rate increases.

Whilst the regulatory framework in the US in general and for NEC specifically is well developed, it can be politically charged and challenging for the utility. This is not helped by the fact that NEC bills many of its customers (including most if not all residential customers) for both the cost of transmission/distribution and the energy that they consume and regulators look at the total impact on bills of each decision that they make. Particularly when general economic conditions are difficult, it can be hard for regulated US utilities to achieve support for planned investments and what they may consider an adequate level of returns in new rate case applications.

We assign NEC a score of Baa for the Regulatory Framework sub-factor under the Methodology recognising the established framework but also the associated challenges for the operator. This is in line with the score assigned to many of the rated US utilities for this sub-factor but below the Aa assigned to the parent company, National Grid plc. The parent company score reflects the regulatory framework for the US subsidiaries and also Moody's favourable view of the regime which applies to the group's UK subsidiaries.

FACTOR 2: ABILITY TO RECOVER COSTS AND EARN RETURNS

In June 2009, NEC filed a rate case application for its electricity distribution business seeking inter alia a revenue increase of USD75.3 million per year (a 34% increase) based on a return on equity of 11.6%, rate decoupling (meaning that future revenues would not be exposed to electricity consumption) and a capital tracker adjustment designed to match actual capital expenditures incurred to amounts recovered in base rates. The requested revenue increase was subsequently revised downwards to USD67.5 million.

In February 2010, the RIPUC allowed an increase in distribution revenue of approximately USD23.5 million, based on a return on equity of 9.8% with effect from the beginning of that year. The regulator disapproved several of NEC's other proposals including revenue decoupling and the capital tracker adjustment. NEC filed a petition with the Rhode Island Supreme court appealing the RIPUC's decision in April 2010.

In May 2010, Rhode Island enacted decoupling legislation that provides for the annual reconciliation of the revenue requirement allowed in NEC's base distribution rates to actual revenue received for both the electric and gas business. The law also provided for the submission and

approval of annual infrastructure spending plans that would provide for a reconciling allowance for anticipated capital spending on utility infrastructure and other costs related to maintaining system safety and reliability on an annual basis, without having to file a full base rate case.

The achieved return on equity for the electric business in 2010 was 11.8%.

In November 2008, the RIPUC approved a rate plan which provided for a 10.9% increase in gas distribution revenues based on a 10.5% allowed ROE together with a full reconciliation of pension and postretirement benefits other than pensions and a capital investment reconciliation. As for electricity, the RIPUC denied a revenue decoupling proposal, however, the May 2010 legislation discussed above, also applies to NEC's gas business and provides for decoupling as is typically employed by gas utilities in the US. NEC filed its decoupling plan for gas and electricity in October 2010 and, once approved, this is expected to apply retrospectively from April 2011.

The achieved return on equity for the gas business in 2010 was 1.7% but, according to National Grid, would have been 8.4% if the new rate plan had been in effect for the full year.

We assign a score of Baa for this sub-factor under the Methodology recognising that rate reviews for NEC are conducted within an established framework but are nevertheless prone to political interference and challenge resulting in a degree of uncertainty about the company's ability to recover its costs and earn the targeted level of returns. This scoring is in line with that for many other rated US utilities but below the single-A assigned to National Grid plc, reflecting the group's US and UK operations.

FACTOR 3: DIVERSIFICATION

Diversification is considered under the Methodology as, in general, a balance among several different businesses, geographic regions or regulatory regimes reduces the risk that a company will experience a sudden or rapid deterioration in its overall creditworthiness because of an adverse development specific to any one part of its operation.

We assign a score of Ba to NEC under this sub-factor recognising the limited scale of its operations and very significant exposure to the decisions of the RIPUC. This scoring is below that assigned to the larger US utilities, many of which are scored in the Baa to single-A range and the Aa scoring for National Grid as a group.

FACTOR 4: FINANCIAL STRENGTH AND LIQUIDITY

NEC has historically had very robust financial metrics, typical of what we might expect to see for a Aa rated utility. With increasing borrowing (NEC issued USD550 million of bonds in March) and the payment of dividends (USD320 million during 2010), the key metrics have weakened but are nevertheless consistent with a rating in low single-A.

Liquidity

NEC maintains a sufficient level of liquidity primarily by supplementing its internally generated cash flow through participation in the NG USA money pool, the purpose of which is to utilise family cash resources more effectively and reduce the need for external short-term borrowing. Participating subsidiary companies contribute their excess cash to the pool which is first used to meet the short-term borrowing needs of eligible subsidiaries. Companies borrowing from the pool pay rates linked to A1/P-1 30-day commercial paper rates. Any remaining cash is typically invested into Aaa rated money funds with same day liquidity. As a measure of additional security, NG USA's parent, the UK-based National Grid plc, has the ability to increase the amount of cash in the pool through direct loans to NG USA. Alternatively, NG USA can also issue commercial paper and medium term notes in lieu of or to supplement direct loans from the UK parent.

As of March 31, 2010, NEC had about US\$7.7 million of unrestricted cash on hand and approximately US\$71 million of short-term debt outstanding to affiliates under the money pool. Aside from modest sinking fund payments in the future, NEC's next long-term debt maturity is not until a US\$14.5 million first mortgage bond issue matures on April 1, 2018.

We note the sale by NEC in March 2010 of USD550 million of 10 and 30-year bonds. According to the company, proceeds are to be used to (i) retire short-term debt, (ii) to finance future capital expenditure and/or (iii) for general corporate purposes, including the payment of dividends. Capital expenditures for the fiscal year ended March 31, 2010 were about USD155 million (2009: USD122 million) and are expected to be at least that amount or slightly more for the 2011 fiscal year as the company continues its Reliability Enhancement Program and participation in regional transmission projects with other utilities.

Rating Outlook

The outlook for NEC rating is stable reflecting Moody's outlook on the credit quality of the National Grid group as a whole.

What Could Change the Rating - Up

The 2010 rights issue left National Grid and its subsidiaries better positioned in their rating categories. Moody's notes however the large capital investment programme for the UK and the possibility of additional investment in the US (above and beyond what is currently planned) which will most likely reduce financial flexibility over time. The rating agency further considers that the group will favour using free cash flow to fund shareholder distributions and/or support growth rather than to reduce gearing. On this basis, upward rating pressure for National Grid and its subsidiaries is considered unlikely in the medium term.

What Could Change the Rating - Down

On a stand-alone basis, NEC's ratings could come under pressure if coverage of interest and debt by cash flow from operations (exclusive of the effects of changes in working capital) were to fall below 4.5x and 22%. However, further to the comments above, we consider the company's ratings in the context of the National Grid group as a whole. Accordingly, whilst we may maintain the current rating even if ratios were to weaken below the above levels, there would be negative rating pressure if Moody's were to consider that the overall credit quality of the National Grid group had deteriorated.

Rating Factors

Narragansett Electric Company
525500

Regulated Electric and Gas Utilities Industry [1][2]	Aaa	Aa	A	Baa	Ba	B
Factor 1: Regulatory Framework (25%)						
a) Regulatory Framework				X		
Factor 2: Ability To Recover Costs And Earn Returns (25%)						
a) Ability To Recover Costs And Earn Returns				X		
Factor 3: Diversification (10%)						
a) Market Position					X	
b) Generation and Fuel Diversity						
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)						
a) Liquidity				X		
b) CFO pre-WC + Interest/ Interest (3 Year Avg)	X			X		
c) CFO pre-WC / Debt (3 Year Avg)				X	X	
d) CFO pre-WC - Dividends / Debt (3 Year Avg)					X	
e) Debt/Capitalization (3 Year Avg)	X					
e) Net Debt / Regulated Asset Value (3 Year Avg)						
Rating:						
a) Indicated Rating from Grid				Baa1		
b) Actual Rating Assigned			A3			

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 3/31/2010; Source: Moody's Financial Metrics



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Global Credit Portal[®]

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September 26, 2011

Narragansett Electric Co.

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Business Risk Profile: Excellent, With Stable And Predictable Cash Flow From Regulated Businesses, And Good Quality Operations

Financial Risk Profile: Significant, With High Leverage And Material Capex Requirements

Financial Statistics/Adjustments

Related Criteria And Research

Narragansett Electric Co.

Major Rating Factors

Strengths:

- Consistent focus on low-risk electricity and natural gas transmission and distribution operations.
- Predictable revenues and cash flows from regulated activities, which account for over 97% of operating profits.
- Operating, market, and regulatory diversity in the U.K. and the U.S.
- Relatively supportive regulatory environments.
- Proven track record of managing large acquisitions.

Corporate Credit Rating

A-/Stable/A-2

Weaknesses:

- High consolidated financial leverage as a result of previous acquisitions.
- Substantial capital expenditures and dividends that will likely result in negative free cash flows over the medium term.
- Regulatory reset risk in U.K. and in the U.S.
- Exposure to foreign exchange risk and inflation, which add volatility to adjusted credit measures.

Rationale

Standard & Poor's Ratings Services bases the ratings on Narragansett Electric Co. on the consolidated credit profile of its ultimate parent, U.K.-based gas and electricity network operator National Grid PLC (NG PLC) and its family of companies. Narragansett Electric is a wholly owned subsidiary of U.S.-based utility holding company National Grid USA, a wholly owned subsidiary of NG PLC. National Grid USA is also a subsidiary of intermediate holding company National Grid Holdings Inc. National Grid USA's main operating subsidiaries include Niagara Mohawk Power Corp., KeySpan Corp. and its units, New England Power Co., Narragansett Electric, Massachusetts Electric Co., Boston Gas Co., and Colonial Gas Co.

The ratings on NG PLC and its subsidiaries reflect our view of the strong and predictable cash flows from the group's low operating risk electricity and gas network operations in the U.K. and the U.S.; regulatory regimes in each of those countries that we consider to be broadly supportive of credit quality; a consistently applied strategic and financial policy; and a proven track record of managing large acquisitions.

These strengths are offset by NG PLC's relatively high financial leverage; a substantial capital expenditures (capex) program and unchanged dividend policy that together will likely result in negative free cash flows over the medium term; regulatory reset risk in the U.S. and the U.K.; and exposure to foreign exchange risks and inflation, which add volatility to Standard & Poor's-adjusted credit measures.

NG PLC has an excellent business risk profile (corporate business risk profiles are ranked from excellent to vulnerable) and a significant consolidated financial risk profile (financial profiles are ranked from minimal to highly leveraged). (For more on business risk and financial risk, see "Business Risk/Financial Risk Matrix Expanded," published May 27, 2009, on RatingsDirect on the Global Credit Portal.)

National Grid USA delivers electric service to approximately 3.3 million electric customers in New York, Massachusetts, Rhode Island, and New Hampshire, and manages the electricity network on Long Island under an agreement with the Long Island Power Authority (LIPA) that expires in 2013. The company also owns over 4,000 megawatts of contracted generation that provides power to more than 1 million LIPA customers. National Grid USA also distributes natural gas to about 3.4 million customers in the same four states.

National Grid USA's consolidated business risk profile is also excellent, although weaker at KeySpan Corp. due to its riskier nonregulated generation operations. National Grid USA's business position is characterized by a focus on relatively low-risk regulated electric and natural gas transmission and distribution operations and regulatory, market, and operating diversification.

Narragansett Electric is a retail distribution company providing electric and gas service in Rhode Island. Narragansett Electric also has an excellent business risk position, reflecting relatively low-risk distribution operations, offset somewhat by regulation in Rhode Island, which we view as less credit supportive. In March 2011, the Rhode Island Public Utilities Commission approved a \$3.3 million electric distribution rate increase and a \$1.8 million gas rate hike. And, on July 26, 2011, the commission approved the company's request for revenue decoupling, which removes the link between revenues and sales so that the company is indifferent to changes in usage.

Historically, regulation in National Grid USA's service territory has been reasonably supportive of creditworthiness, but long-term rate plans, rate moratoriums, and regulatory lag have resulted in earned returns that are below the national average in some jurisdictions. However, with full realization of rate relief and authorization of various rate mechanisms and trackers, earned returns for certain subsidiaries have improved. In that regard, the U.S. business achieved an 8.2% return on equity (ROE) in 2010-2011 compared with 6.9% ROE in 2009-2010. In an effort to continue to increase returns in the U.S. and become more efficient, NG PLC announced a restructuring program in early 2011. The plan involves a regional focus and a reduction in operating costs of about \$200 million by March 31, 2012, achieved mainly through a 7% reduction of the U.S workforce. The cost cuts, future rate relief, and mechanisms such as decoupling, capital trackers, and true-ups for commodity-related bad debt and pensions and other postretirement benefits should help to lift financial metrics and allow the utilities to earn closer to their allowed returns.

In light of National Grid USA's heavy capital expenditure phase and escalating cost pressures, timely and sufficient rate relief and alternative-cost-recovery rate mechanisms, as well as credit supportive action by management, will be important to enhance cash flow and earnings protection. Certain state regulators, however, will be reviewing prospective rate requests at a time of economic weakness, so the subsidiaries' ability to manage regulatory risk will be critical to credit quality.

In late 2010, NG PLC signed an agreement with a subsidiary of Algonquin Power & Utilities for the sale of its Granite State Electric and EnergyNorth businesses in New Hampshire for \$285 million, plus an amount related to working capital. NG PLC decided to exit the businesses in New Hampshire, since their rate plans represent less than 2% of the U.S. rate base and do not enable the company to earn acceptable returns. Subject to various regulatory approvals, the sale is expected to close in the second half of 2011.

Key business and profitability developments

NG PLC reported a robust set of results for the 12 months ended March 31, 2011, with operating profit before exceptional items up by 15% year on year, to £3.6 billion. This increase resulted mainly from timing items of £433

million that will not be repeated this year. Pretax profit increased by 25% over the same period and financing costs decreased by 2% as higher costs related to the effect of inflation in the U.K. on indexation of inflation-linked debt (about 30% of NG PLC's long-term debt) were offset by lower net pension charges and lower overall net debt, reflecting the benefit of the cash proceeds of a rights issue.

NG PLC completed the £3.2 billion rights issue to support funding for a significant increase in the group's capex program. The program allows for £22 billion of capex in the next five years, compared with £14 billion in the five years up to March 2010. We expect the rights issue to position NG PLC more comfortably within the existing ratings, and to provide a degree of headroom that was previously lacking. In our opinion, the rights issue also underlines NG's unchanged goal of maintaining an 'A' category rating for its U.K. operating subsidiaries.

We believe that NG PLC's results will return to more moderate levels of growth in the next financial year. In our view, the increase in inflation in 2010-2011 will lead to higher inflation-linked regulated revenues in 2011-2012, which will be partially offset by an increase in financing costs on inflation-linked debt.

NG PLC's business risk has not materially changed over the past 12 months, in our view. The group remains focused on owning and operating regulated network assets in the U.K. and U.S., which account for over 97% of consolidated operating profit. NG PLC faces some regulatory reset risk in the U.S., and U.S. revenues remain subject to an element of volume risk, although this has significantly diminished with the renewal of rate plans that protect NG PLC from fluctuations in volumes sold. In an effort to increase returns in the U.S. and become more efficient, NG PLC recently announced a restructuring program. The plan involves a regional focus and a reduction in operating costs of about \$200 million by March 31, 2012, achieved mainly through a 7% reduction of the U.S. workforce.

The group also remains exposed to risks arising from the regulatory reset in the U.K. (currently every five years). The next price control period starts in April 2013 and is currently under consultation at the industry regulator, the Office of Gas and Electricity Markets (Ofgem).

Key developments in consolidated cash flow and capital structure

NG PLC's robust performance in 2010-2011 resulted in strengthened credit metrics for the group. Reported operating cash flow in the 12 months ended March 31, 2011, was up 12% to £4.7 billion, while reported net debt decreased to £18.7 billion from £22.1 billion a year ago. The reduction in the net debt position reflects the £3.2 billion of cash from the rights issue and the effect of the weakening exchange rate between the U.S. dollar and British pound sterling on the U.S.-dollar-denominated debt, which was partly offset by capital investment.

Consequently, the ratio of NG PLC's adjusted funds from operations (FFO) to debt was about 17%, which compares positively with the rating threshold of above 12%.

Liquidity

The 'A-2' short-term rating on NG PLC, National Grid USA, and subsidiaries largely reflects the companies' long-term credit ratings and our view that the group's liquidity is adequate. Projected sources of liquidity (mainly operating cash flow and available bank lines) exceed projected uses (mainly necessary capex, debt maturities, and dividends) by more than 1.2x. NG PLC's ability to absorb high-impact, low-probability events with limited need for refinancing, its flexibility to reduce capital spending or sell assets, its sound bank relationships, its solid standing in credit markets, and its generally prudent risk management further support our opinion of liquidity as adequate.

The following factors also support our assessment of NG PLC's adequate liquidity:

- Access to unrestricted short-term cash and short-term marketable securities of £2,866 million as of June 30, 2011;
- Undrawn committed credit facilities of £2,676 million with a maturity longer than 12 months; and
- Our expectation that NG PLC will generate modest and slightly higher adjusted funds from operations (FFO) in 2011-2012 than the €3,565 million achieved in 2010-2011.

These factors compare with our expectation that in 2011-2012 NG PLC will face:

- About £3,600 million in capital expenditures;
- Dividend payments of about £1,000 million; and
- £1,727 million in short-term debt maturing over the next 12 months.

We understand that there are no restrictive covenants in the documentation attached to the group's debt.

Recovery analysis

We assign recovery ratings to first mortgage bonds (FMBs) issued by investment-grade U.S. utilities, which can result in issue ratings being notched above a utility's corporate credit rating (CCR) depending on the CCR category and the extent of the collateral coverage. We base the investment-grade FMB recovery methodology on the ample historical record of nearly 100% recovery for secured bondholders in utility bankruptcies and on our view that the factors that supported those recoveries (limited size of the creditor class, and the durable value of utility rate-based assets during and after a reorganization, given the essential service provided and the high replacement cost) will persist in the future. Under our notching criteria, when assigning issue ratings to utility FMBs, we consider the limitations of FMB issuance under the utility's indenture relative to the value of the collateral pledged to bondholders, management's stated intentions on future FMB issuance, as well as the regulatory limitations on bond issuance. FMB ratings can exceed a utility's CCR by up to one notch in the 'A' category, two notches in the 'BBB' category, and three notches in speculative-grade categories.

Narragansett Electric's FMBs benefit from a first-priority lien on substantially all of the utility's real property owned or subsequently acquired. Collateral coverage of more than 1.5x supports a recovery rating of '1+' and an issue rating one notch above the CCR.

Outlook

The stable outlook on Narragansett Electric mirrors our outlook on ultimate parent NG PLC and reflects our view that the group's operational and financial performances will continue to be solid. It also reflects our belief that NG PLC will continue to focus on its regulated gas and electricity network businesses in the U.K. and the U.S., while maintaining consolidated, adjusted FFO to total debt of more than 12%.

Ratings downside could occur if NG PLC's financial performance were to deviate materially from our forecasts without the implementation of offsetting measures, or if the group were to undertake a significant acquisition. In that regard, if consolidated FFO to total debt were to decline to 10%-11% due to higher capital outlays and acquisitions and associated debt financing, we could lower the ratings.

Although we view the May 2010 rights issue as providing more headroom than NG PLC previously had at the

current rating level, we continue to view ratings upside as unlikely because of the company's ambitious capital expenditure plans and our expectations regarding its financial performance.

Business Description

NG PLC is a U.K.-based investor-owned utility. Through subsidiary National Grid Electricity Transmission PLC (NGET; A-/Stable/A-2), it owns and operates the high-voltage electricity transmission system in England and Wales, and through subsidiary National Grid Gas PLC (NGG; A-/Stable/A-2), it owns the U.K. gas transmission network and four local gas distribution networks. Following the acquisition of KeySpan in 2007, NG PLC is, through National Grid USA, also the second-largest utility in the U.S., as measured by customer numbers. National Grid USA has a significant presence in electricity transmission and distribution and gas distribution in Massachusetts, Rhode Island, New York, and New Hampshire.

NG PLC directly serves around 19 million customers in both markets and employs more than 28,000 people. In the financial year ending March 31, 2011, NG PLC reported revenues of £14.34 billion, with operating profit before exceptional items up by 15% year on year to £3.6 billion, although timing items of £433 million that will not be repeated next year contributed considerably to this figure.

Rating Methodology

In accordance with our parent-subsidiary rating criteria, the ratings on NG PLC and its subsidiaries reflect the consolidated corporate credit profile of the whole group, including the operating companies NGET, NGG, and the subsidiaries of National Grid USA. We rate the long-term debt at the holding-company level 'BBB+', one notch below the corporate credit rating, to reflect the structural subordination of holding-company debt to operating-company liabilities. Structural subordination affects debt or guarantees issued at NG, National Grid USA, and NGG Finance PLC (not rated; guaranteed by National Grid Holdings One PLC and NG PLC).

The ratings on KEDNY and KEDLI are one notch higher than NG PLC's corporate credit rating, reflecting the presence of regulatory insulation and their healthier stand-alone financial profiles.

Business Risk Profile: Excellent, With Stable And Predictable Cash Flow From Regulated Businesses, And Good Quality Operations

The major strengths of NG PLC's excellent business risk profile are:

- NG PLC's credit quality, which is underpinned by the strong, stable economies in which the group operates and the favorable regulation that offsets demand volatility. Virtually all of NG PLC's operating profits come from the U.K. and the U.S.
- The contribution from stable and predictable cash flows derived from regulated networks, which generate over 97% of the group's earnings. Although they vary between U.K. and U.S., the regulatory regimes are transparent and generally supportive of credit quality.
- NG PLC's solid operating performance and frequent outperformance of efficiency targets. Furthermore, it has a good track record of cost reduction and successful integration following acquisitions or mergers. NG PLC met or exceeded most of its operational targets in 2010-2011. Under the U.K. regulatory framework, it achieved system

reliability of 99.99% in electricity and 100% in gas transmission, as in previous years. Similarly, there were no reliability issues in U.K. gas distribution. In U.S. transmission and distribution, NG PLC fully met its targets for network reliability.

- The fact that the U.K.'s remuneration is cost-plus based and not a function of electricity or gas demand. This has been a supporting factor in the past few years' recessionary environment. Future operating profit margins are, however, mostly reliant on NG PLC's ability to control costs while managing capital projects required to sustain or improve network quality and match performance requirements.

These strengths are mitigated by the following constraints:

- Uncertainty about the impact of a new U.K. transmission and distribution regulatory framework. As part of RIIO (Revenue = Incentives + Innovation + Outputs regulatory review), Ofgem published a decision that the life of new electricity distribution assets will change from 20 to 40 years. This change will take effect with the start of the next regulatory period, on April 1, 2015. We think the slow depreciation of assets will constrain cash flow generation in the medium term, although to a different extent for each network operator. At the same time, the slow depreciation should reduce leverage in terms of debt to regulatory capital value. We do not yet factor this change in our ratings because, first, the impact will depend on the overall package of regulatory decisions, and second, Ofgem has stated its willingness to consider transitional arrangements to smooth the impact.
- Substantial capex of about £22 billion over the next five years. This is likely to increase operational challenges in the short term, but should lead to operational improvements in the medium to long term. The capex, of which £15.1 billion is to be used in the U.K.-regulated business, derives from the need to reconfigure the electricity transmission network to handle large quantities of intermittent renewable power and to remodel the gas network to accommodate an increase in imports, especially liquefied natural gas.
- NG PLC's highly acquisitive strategy, including in nondomestic markets. However, the group has so far demonstrated a good track record of cost reduction and successful integration following acquisitions or mergers.
- Regulatory reset risk and volume risk in the U.S. Historically, regulation has been reasonably supportive of creditworthiness, but long-term rate plans, rate moratoriums, and regulatory lag have resulted in earned returns that are below the national average in most jurisdictions. U.S. revenues also remain subject to an element of volume risk. We believe that the subsidiaries' ability to manage regulatory risk remains critical to credit quality.

Financial Risk Profile: Significant, With High Leverage And Material Capex Requirements

The main weaknesses of NG PLC's significant financial risk profile are:

- High consolidated financial leverage as a result of previous acquisitions.
- Negative cash flow generation, anticipated over the next five years, due to the company's large capex program (£22 billion to 2015) and dividend payments. However, we anticipate adjusted FFO to debt to maintain a cushion above our 12% target for the rating.
- An aggressive policy of raising dividends by about 8% annually, resulting in a payout ratio of about 68% as of March 31, 2011.
- Exposure to foreign exchange risk and inflation, which add volatility to adjusted credit measures. NG PLC mitigates currency risk on its cash flows by matching the currency of its debt; however, it remains exposed to translation risk. A high retail price index increases the amount of inflation-linked debt indexation that we deduct

from FFO in accordance with our criteria.

These weaknesses are partially mitigated by:

- A significant degree of cash flow predictability, since regulated businesses generate 95% of the group's cash flow.
- Management that publicly aims to maintain the current rating and is therefore committed to maintaining adjusted FFO to debt of more than 12%. The recent rights issue underlines NG PLC's unchanged goal of maintaining an 'A' category rating for its U.K. operating subsidiaries.
- NG PLC's good access to bank financing and the capital markets, with well-diversified funding sources. The group was able to maintain full access to the bond markets during the financial crisis, and its recent £3.2 billion rights issue was fully underwritten.

Financial Statistics/Adjustments

NG PLC's last full, consolidated accounts, for the fiscal year to March 31, 2011, were prepared according to International Financial Reporting Standards.

We make a number of adjustments to NG PLC's reported figures (see table 3). The most important are as follows:

- To debt, we add operating lease liabilities of £593.3 million, representing the present value of future operating lease obligations.
- We also add postretirement benefit obligations of £1,198 million to debt. We view pension deficits as debt-like obligations.
- We subtract surplus cash of £2,938 million from debt. This comprises unrestricted cash and marketable securities, and investments in short-term money market funds.
- In line with our criteria, we also subtract from debt the difference between the debt shown on the balance sheet and the value of debt that is locked in through principal hedges. Therefore, for NG PLC, we subtract a positive value of principal hedges on currency derivatives of £1,130 million from debt. This amount reflects the difference between reported debt and the value of foreign currency debt that has been locked in to maturity through currency derivatives.
- We subtract £238 million in replacement expenditures (replex) from cash flow from operations, representing the reclassification of 50% of replex from capex to operating expenditure. This adjustment reflects the regulatory treatment.
- We subtract from FFO indexation of £248 million, in line with our criteria for inflation-linked debt (see "New Methodology For Inflation-Linked Debt Has No Immediate Effect On Ratings On U.K. Regulated Utilities," published April 8, 2009).

Table 1

National Grid PLC -- Peer Comparison							
Industry Sector: Electric Utility							
	National Grid PLC	Elia System Operator S.A./N.V.	Terna SpA	Red Electrica Corporacion S.A.	Bord Gais Eireann	Fingrid Oyj	N.V. Nederlandse Gasunie
Rating as of Sept. 26, 2011	A-/Stable/A-2	A-/Stable/A-2	A/Negative/A-1	AA-/Stable/A-1+	BBB+/Negative/A-2	AA-/Stable/A-1+	AA-/Watch Neg/A-1+

Table 1

National Grid PLC -- Peer Comparison (cont.)							
	--Fiscal year ended March 31, 2011--			--Fiscal year ended Dec. 31, 2010--			
(Mil. mixed currency)	£	€	€	€	€	€	€
Revenues	14,343.0	1,122.8	1,533.1	1,412.5	1,508.5	463.3	1,523.0
EBITDA	5,092.4	462.7	1,177.8	993.6	330.4	141.8	941.6
Net income from continuing operations	2,159.0	402.0	466.7	390.2	114.0	41.8	453.7
Funds from operations (FFO)	3,565.8	295.7	818.5	848.5	236.7	120.5	837.8
Capital expenditures	2,958.0	282.1	1,077.8	802.8	164.2	159.8	1,113.2
Free operating cash flow	1,040.8	137.6	(380.6)	(5.7)	21.3	(43.7)	(202.8)
Discretionary cash flow	182.8	71.0	(781.4)	(204.5)	(9.9)	(50.4)	(618.7)
Cash and short-term investments	0.0	423.6	0.1	18.3	29.7	71.7	158.5
Debt	21,007.7	3,088.4	5,230.1	4,816.9	1,930.5	949.2	4,981.2
Equity	9,104.3	2,432.4	2,760.8	1,624.6	1,479.3	514.2	5,260.8
Adjusted ratios							
EBITDA margin (%)	35.5	41.2	76.8	70.3	21.9	30.6	61.8
EBITDA interest coverage (x)	3.9	3.1	9.1	7.6	3.4	6.5	4.0
EBIT interest coverage (x)	2.9	2.2	6.4	5.1	2.1	3.5	3.3
Return on capital (%)	11.6	6.8	10.6	11.5	5.7	5.1	7.6
FFO/debt (%)	17.0	9.6	15.6	17.6	12.3	12.7	16.8
Free operating cash flow/debt (%)	5.0	4.5	(7.3)	(0.1)	1.1	(4.6)	(4.1)
Debt/EBITDA (x)	4.1	6.7	4.4	4.8	5.8	6.7	5.3
Total debt/debt plus equity (%)	69.8	55.9	65.5	74.8	56.6	64.9	48.6

Table 2

National Grid PLC -- Financial Summary					
Industry Sector: Electric Utility					
	--Fiscal year ended March 31--				
	2011	2010	2009	2008	2007
Rating history	A-/Stable/A-2	A-/Stable/A-2	A-/Stable/A-2	A-/Stable/A-2	A/Watch Neg/A-1
(Mil. £)					
Revenues	14,343.0	13,988.0	15,624.0	11,423.0	8,778.0
EBITDA	5,092.4	4,589.6	3,773.0	4,024.1	3,398.2
Net income from continuing operations	2,159.0	1,386.0	919.0	1,572.0	1,308.0
Funds from operations (FFO)	3,565.8	3,212.5	2,540.3	2,575.6	2,127.3
Capital expenditures	2,958.0	3,037.8	3,290.8	2,839.2	2,037.0
Dividends paid	858.0	688.0	838.0	806.0	756.0
Debt	21,007.7	25,164.1	24,919.1	18,589.1	13,615.2
Preferred stock	0.0	0.0	0.0	0.0	0.0
Equity	9,104.3	4,235.5	4,006.3	5,372.6	4,103.8
Debt and equity	30,111.9	29,399.6	28,925.5	23,961.7	17,719.0
Adjusted ratios					
EBITDA margin (%)	35.5	32.8	24.1	35.2	38.7
EBIT interest coverage (x)	2.9	2.7	2.0	2.9	2.9
FFO interest coverage (x)	3.5	3.3	2.8	3.3	3.2
FFO/debt (%)	17.0	12.8	10.2	13.9	15.6
Discretionary cash flow/debt (%)	0.9	(0.4)	(5.4)	(5.6)	(4.1)
Net cash flow/capital expenditures (%)	91.5	83.1	51.7	62.3	67.3
Debt/debt and equity (%)	69.8	85.6	86.1	77.6	76.8
Return on capital (%)	11.6	10.6	9.2	13.6	13.9
Return on common equity (%)	32.6	33.9	19.7	33.2	34.4
Common dividend payout ratio (unadjusted) (%)	49.3	64.4	91.2	52.9	59.5

Table 3

Reconciliation Of National Grid PLC Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. £)										
--Fiscal year ended March 31, 2011--										
National Grid PLC reported amounts										
	Debt	Shareholders' equity	Revenues	EBITDA	Operating income	Interest expense	Cash flow from operations	Cash flow from operations	Dividends paid	Capital expenditures
Reported	23,198.0	9,060.0	14,343.0	4,997.0	3,745.0	1,140.0	4,858.0	4,858.0	858.0	2,958.0
Standard & Poor's adjustments										
Operating leases	593.3	--	--	37.4	37.4	37.4	49.6	49.6	--	--
Postretirement benefit obligations	1,198.0	35.3	--	33.0	33.0	--	280.1	280.1	--	--
Surplus cash and near cash investments	(2,938.0)	--	--	--	--	--	--	--	--	--

Table 3

Reconciliation Of National Grid PLC Reported Amounts With Standard & Poor's Adjusted Amounts (Mil. £) (cont.)										
Capitalized interest	--	--	--	--	--	129.0	--	--	--	--
Share-based compensation expense	--	--	--	25.0	--	--	--	--	--	--
Asset retirement obligations	86.4	--	--	--	--	2.0	(20.9)	(20.9)	--	--
Reclassification of nonoperating income (expenses)	--	--	--	--	32.0	--	--	--	--	--
Reclassification of interest, dividend, and tax cash flows	--	--	--	--	--	--	(930.0)	(930.0)	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	(185.0)	--	--
Minority interests	--	9.0	--	--	--	--	--	--	--	--
Debt -- other	(1,130.0)	--	--	--	--	--	--	--	--	--
Working capital -- other	--	--	--	--	--	--	248.0	--	--	--
FFO -- other	--	--	--	--	--	--	(486.0)	(486.0)	--	--
Total adjustments	(2,190.3)	44.3	--	95.4	102.4	168.4	(859.2)	(1,292.2)	--	--

Standard & Poor's adjusted amounts

	Debt	Equity	Revenues	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Dividends paid	Capital expenditures
Adjusted	21,007.7	9,104.3	14,343.0	5,092.4	3,847.4	1,308.4	3,998.8	3,565.8	858.0	2,958.0

Related Criteria And Research

- Principles Of Credit Ratings, Feb. 16, 2011
- Standard & Poor's Standardizes Liquidity Descriptors For Global Corporate Issuers, July 2, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Business Risk/Financial Risk Matrix Expanded, May 27, 2009
- Principles Of Corporate And Government Ratings, June 26, 2007
- Corporate Criteria--Parent/Subsidiary Links; General Principles; Subsidiaries/Joint Ventures/Nonrecourse Projects; Finance Subsidiaries; Rating Link to Parent, October 28, 2004

Ratings Detail (As Of September 26, 2011)*

Narragansett Electric Co.

Corporate Credit Rating	A-/Stable/A-2
Preferred Stock (1 Issue)	BBB
Senior Secured (3 Issues)	A

Ratings Detail (As Of September 26, 2011)* (cont.)	
Senior Unsecured (2 Issues)	A-
Corporate Credit Ratings History	
24-Aug-2007	A-/Stable/A-2
24-Feb-2006	A/Watch Neg/A-1
04-Dec-2001	A/Stable/A-1
Business Risk Profile	Excellent
Financial Risk Profile	Significant
Related Entities	
Boston Gas Co.	
Issuer Credit Rating	A-/Stable/NR
Senior Unsecured (18 Issues)	A-
Colonial Gas Co.	
Issuer Credit Rating	A-/Stable/--
Senior Secured (5 Issues)	A
KeySpan Corp.	
Issuer Credit Rating	A-/Stable/A-2
Senior Unsecured (6 Issues)	A-
KeySpan Energy Delivery Long Island	
Issuer Credit Rating	A/Stable/--
Senior Unsecured (1 Issue)	A
KeySpan Energy Delivery New York	
Issuer Credit Rating	A/Stable/NR
Senior Unsecured (10 Issues)	A
KeySpan Generation LLC	
Issuer Credit Rating	A-/Stable/--
Senior Unsecured (1 Issue)	A
Lattice Group PLC	
Issuer Credit Rating	A-/Stable/--
Massachusetts Electric Co.	
Issuer Credit Rating	A-/Stable/A-2
Preferred Stock (1 Issue)	BBB
Senior Unsecured (1 Issue)	A-
Senior Unsecured (4 Issues)	A-/A-2
National Grid Electricity Transmission PLC	
Issuer Credit Rating	A-/Stable/A-2
Commercial Paper	
<i>Foreign Currency</i>	A-2
Senior Unsecured (25 Issues)	A-
Senior Unsecured (1 Issue)	BBB+
National Grid Gas Holdings PLC	
Issuer Credit Rating	A-/Stable/--
National Grid Gas PLC	
Issuer Credit Rating	A-/Stable/A-2

Ratings Detail (As Of September 26, 2011)* (cont.)

Senior Unsecured (43 Issues)	A-
National Grid Holdings Inc.	
Issuer Credit Rating	A-/Stable/--
National Grid Holdings One PLC	
Issuer Credit Rating	A-/Stable/A-2
National Grid PLC	
Issuer Credit Rating	A-/Stable/A-2
Commercial Paper	
<i>Foreign Currency</i>	A-2
Senior Unsecured (10 Issues)	BBB+
National Grid USA	
Issuer Credit Rating	A-/Stable/A-2
Commercial Paper	
<i>Local Currency</i>	A-2
Senior Unsecured (7 Issues)	BBB+
New England Power Co.	
Issuer Credit Rating	A-/Stable/A-2
Preferred Stock (1 Issue)	BBB
Senior Unsecured (4 Issues)	A-/A-2
Niagara Mohawk Power Corp.	
Issuer Credit Rating	A-/Stable/A-2
Preferred Stock (3 Issues)	BBB
Senior Secured (5 Issues)	A
Senior Unsecured (5 Issues)	A-

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

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Credit Opinion: National Grid Plc

Global Credit Research - 07 Jun 2011

London, United Kingdom

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2
Other Short Term	(P)P-2
National Grid Generation LLC	
Outlook	Stable
Issuer Rating	Baa1
National Grid Electricity Transmission plc	
Outlook	Stable
Senior Unsecured	A3
Commercial Paper	P-2
Other Short Term	(P)P-2
National Grid Gas Plc	
Outlook	Stable
Senior Unsecured	A3
Commercial Paper	P-2
Other Short Term	(P)P-2

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Key Indicators

National Grid Plc

	Mar-2009	[1]Mar-2008	[1]Mar-2007
EBITA Margin	16.6%	28.3%	29.9%
FFO Interest Coverage	3.1x	3.1x	3.7x
FFO / Net Debt	11.5%	13.5%	19.1%
RCF/ Net Debt	8.1%	9.2%	13.6%
RCF / Capex + Investments (net of disposals)	62.9%	26.7%	71.4%
Debt / Book Capitalisation	81.0%	71.5%	72.0%

[1] Restated

Note: For definitions of Moody's most common ratio terms please see the accompanying [User's Guide](#).

Opinion

Corporate Profile

National Grid Plc ("National Grid", rated Baa1/P-2) is the holding company for a range of largely regulated businesses focusing on the ownership and operation of electricity and gas networks in the UK and the US.

In the UK, National Grid Electricity Transmission plc ("NGET", rated A3), owns the high-voltage electricity transmission network in England and Wales and operates the system across Great Britain. National Grid Gas plc ("NGG", rated A3) owns and operates the high pressure gas transmission system in Britain and its distribution business delivers gas to 11 million homes and commercial customers.

In the US, National Grid distributes electricity to nearly five million customers in Massachusetts, New Hampshire, New York and Rhode Island. Owning 4,000 megawatts of electricity generation, it is the largest power producer in New York State - carrying power to over one million customers on Long Island. It is also the largest distributor of natural gas in the northeastern US, delivering gas to 3.4 million customers in New York, Massachusetts, New Hampshire and Rhode Island.

National Grid also has a number of related unregulated businesses such as Liquefied Natural Gas importation and storage, land remediation and metering. These operate mostly in the UK and are modest in the context of the group as a whole, accounting for around 5% of revenue and 3% of operating profit in the year to March 2011.

Recent Developments

National Grid reported its preliminary results for 2010/11 on 19 May 2011, announcing:

- Pre-tax profit up 25%
- Operating profit up 15%
- Capital investment of £3.6 billion including £2.1 billion in the UK regulated businesses

Moody's notes that timing differences, accounting for GBP433 million, were a significant contributor to the GBP476 million growth in operating profit for 2010/11. However, net regulated income also increased, by GBP203 million, due to the emerging benefit of recent rate case settlements for the group's US operations together with customer growth and higher volumes in the US (see comment on decoupling in Ability to Recover Costs and Earn Returns below). With low inflation/deflation during 2009 limiting allowed tariff increases under the regulatory RPI-X formula, operating profit for the UK transmission business grew by 4% whilst that for gas distribution fell by 2%.

With gains in the US being offset, to a large extent by higher post-retirement costs (up by GBP89 million) and depreciation (up by GBP41 million), the increase in operating profit on a constant currency basis and excluding timing differences was only around 1%.

Ofgem, the regulator for the electricity and gas markets in Great Britain, is continuing consultations on its new RIIO (which stands for Revenues, Incentives, Innovation and Outputs) approach to price controls. As the next part of this process, NGG and NGET will submit business plans for the period from April 2013 to March 2021 in July 2011. These plans will include National Grid's proposals for matters including

incentives and transitional arrangements regarding proposed changes to asset depreciation.

In January 2011, National Grid announced a restructuring of its US operations and an efficiency programme targeting a USD200 million per annum cost reduction which it expects to achieve by the end of the 2011/12 financial year.

Rating Rationale

Moody's rating assessment of National Grid is based on the rating agency's methodologies for (i) Regulated Electric and Gas Utilities published in August 2009 and (ii) complex European utility groups (see European Regulated Utility Groups: Methodology Update, January 2007). The ratings reflect the clear and conservative business strategy of the group with its focus on regulated operations in the UK and US but also the high level of debt, a large ongoing capital investment programme and the level of shareholder returns.

DETAILED RATING CONSIDERATIONS

The following factors influence National Grid's ratings:

FACTOR 1: REGULATORY FRAMEWORK

In the UK, NGG and NGET are subject to regulation by Ofgem whilst National Grid's regulated US subsidiaries are variously subject to regulation by FERC, New York PSC, Massachusetts DPU, Rhode Island PUC and New Hampshire PUC.

There are some similarities between the regulatory regimes in the US and UK. For example, each is based on a building block approach intended to allow the regulated entity to recover its operating costs, pay tax, receive regulatory depreciation and earn a return on past investments. However, there are important differences: (i) the US system is often based on historic rather than prospective costs although this is not the case in New York and Rhode Island; (ii) returns are determined on a nominal basis in the US but a real basis in the UK; (iii) US regulators take account of the actual rather than a notional capital structure; and (iv) US utilities are able to make full or partial filings as necessary rather than being bound by a fixed regulatory timetable as is the case in the UK. We note also that the US system is quasi-judicial with multiple parties including government bodies and officials, consumer advocacy groups and various energy consumers, who have differing concerns, but generally a common objective of limiting rate increases.

Whilst noting the continuing RIIO process, Moody's considers the regulatory regime in the UK to be stable and predictable with a track record that demonstrates a high degree of transparency and hence limited regulatory uncertainty. For NGG and NGET we assign a score of Aaa for Regulatory Framework. This is consistent with the score assigned for the stability and predictability of the regulatory regime for other regulated network businesses in the UK.

National Grid's US operating subsidiaries benefit from well developed regulatory frameworks but they are not considered by Moody's to be as predictable or transparent as the regime in the UK. In particular there is evidence of some inconsistency or unpredictability in their application inter alia due to political considerations or pressure. On this basis, we assign a score of Baa for Regulatory Framework for the US subsidiaries and a blended score of Aa for the group as a whole for this rating factor.

FACTOR 2: ABILITY TO RECOVER COSTS AND EARN RETURNS

National Grid's ability to recover its costs and earn returns differs across the different subsidiaries and regulatory jurisdictions although, further to our comments on the different regulatory frameworks, the extent of the variation is limited. In the UK, NGG and NGET benefit from a tariff formula that allows for the recovery of efficient expenditure and depreciation set by Ofgem at five-yearly periodic reviews

(expected to be extended to eight years under RIIO). Rate/tariff reviews and cost recovery in the US is considered to be fairly predictable with new plans providing a generally fair return on investments with limited instances of regulator challenge.

A number of National Grid's regulated US subsidiaries have suffered poor returns over recent years as they have reached the end of long-term (10 year) rate plans. This has been due to higher than anticipated capital expenditure (capex), bad debts and increasing pension and healthcare costs and the achieved return on equity for the group had, in some cases, fallen below 5%. Since January 2008, new rate cases have come into effect for all of National Grid's US rate base and the group has been largely but not wholly successful in achieving an allowed return on equity in excess of 10% and meeting its goals including revenue decoupling, pension and other true ups and capex trackers. The most recent rate case settlement, for the Niagara Mohawk electric business, which accounts for 25% of National Grid's US rate base, was announced in January 2011 with the New York PSC approving a 9.3% return on equity and a USD119 million rate increase, some way short of what was requested.

For 2010/11, National Grid reported an achieved return on equity for its US operations of 8.2%, up from 6.9% for the prior year but still very much below the 11.9% three year average RoE for the group as a whole (as calculated by National Grid). Further rate case filings for the US businesses are anticipated as the group tries to improve returns, particularly in the 11% of its rate base that it describes as 'underperforming' and we also note the ongoing cost cutting exercise.

Following the approval of decoupling plans for NG's Rhode Island business, all of the group's continuing US distribution businesses will feature decoupling as part of their rate plans. We do not, therefore, anticipate the group benefitting in the future from hot summers, as was the case for year to March 2011. Conversely, the group will not be exposed to lower demand.

We assign a score of single-A for Ability to Recover Costs and Earn Returns under the methodology on a blended basis. This score recognises that rate/tariff review outcomes across the group are fairly predictable with a generally fair return on investments albeit there is a tendency toward politically motivated challenge or intervention in the US which would result in some of those subsidiaries being scored in the Baa category for this factor. A majority of the issuers covered by the methodology are scored in the single-A/Baa categories.

FACTOR 3: DIVERSIFICATION

Diversification is considered under the Regulated Electric and Gas Methodology as, in general, a balance among several different businesses, geographic regions or regulatory regimes reduces the risk that a company will experience a sudden or rapid deterioration in its overall creditworthiness because of an adverse development specific to any one part of its operation.

National Grid has material operations in gas transmission and distribution, electricity transmission, distribution and generation across a number of different regions and regulatory regimes and thus enjoys the benefit of significant diversification. We thus assign a score of Aa for this factor .

FACTOR 4: FINANCIAL STRENGTH AND LIQUIDITY

National Grid demonstrated solid performance in terms of its key financial metrics for the year to March 2010, reflecting strong earnings growth for the regulated UK electricity and gas transmission and distribution businesses. Key ratios for the year to March 2011 will benefit from receipt of the GBP3.2 billion rights issue proceeds and also the impact of the weakening USD/GBP exchange rate on the group's USD denominated debt. However, the group reported only a 2% reduction in net finance costs for FY11 with higher interest charges for the group's index-lined debt offsetting the reduction in net debt due to the rights issue.

The credit metrics for National Grid under the Regulated Electric and Gas Methodology result in scores in

the Baa range.

As was the case prior to the introduction of the Regulated Electric and Gas Methodology, we will continue to focus on the RCF/Net Debt and FFO Interest Cover ratios for the group as a whole. Moody's considers that these two metrics effectively capture the group's financial performance and allow the rating agency to provide clear guidance to the group and the market. Moody's guidance for the group's current ratings are FFO interest cover of at least 3.0x and RCF to Net Debt of at least 9.0%.

In its analysis, Moody's also considers the debt capacity of the group. We calculate the excess debt capacity at each operating company i.e. debt capacity at the current rating level less the amount of debt then outstanding. We then compare the aggregate debt capacity across all of the operating companies with the debt at National Grid plc to see if it is adequately supported. Our analysis suggested that this was the case as at March 2010 and the rights issue will have provided further headroom.

Liquidity

As at 31 March 2011, National Grid had cash and cash equivalents of GBP384 million, GBP2,939 million of financial instruments and around GBP2.6 billion of undrawn committed bank facilities.

National Grid enjoys good access to the capital markets although issuance was limited during FY11 following receipt of the rights issue proceeds. Indeed, to manage its cash resources efficiently, the group used around GBP1.3 billion of cash to redeem a range of debt securities and bank loans during the year.

National Grid's liquidity profile is generally characterised by cash inflows from dividends and intercompany interest from its regulatory ring fenced subsidiaries. These cash streams fund the company's dividend and interest, although the latter is predominantly serviced from USD cash streams derived from the US operations. The regulatory frameworks in the US and the UK provide some degree of restriction in terms of dividend distributions, whereby lock-ups will usually be triggered as soon as the operating entity is at the risk of losing its investment-grade rating. For the US subsidiaries also certain leverage levels are applied, which if breached would trigger distribution lock-ups. As such these dividend inflows are of less quality to the group than actual cash reserves, but Moody's acknowledges that at current rating and leverage levels there remains adequate headroom for dividend payments from the operating subsidiaries.

Moody's notes National Grid's large capital programme. For the financial year ending March 2011, the group invested a total of GBP3.6 billion, GBP265 million more than in the prior year (but GBP300 million less than previously anticipated by the group). Over the four years to March 2015, the group plans to invest around GBP19 billion. These investments are primarily driven by a need for asset replacement, but also changes in sources of gas supply and electricity generation. The management of the capital programme and the associated funding is considered a key challenge for the group, as the plan relates largely to non-discretionary capex.

National Grid has a US CP programme (USD3.0 billion) and ECP programme (USD1.5 billion), which are utilised for working capital management and to help hedge the group's US investments exposure. As of 31 March 2011 there was no outstanding issuance under the programmes. Moody's notes management's treasury policy to limit issuance at any one time to the amount of its committed back-up facilities, to the extent that these lines are not already utilised to back up National Grid USA's, NGET's or NGG's CP issuance.

Structural Considerations

National Grid's assigned Baa1/P-2 ratings take into account structural subordination of current and future anticipated debt. The ratings thereby reflect bondholders' distance from the operating companies' cash flows, the size of current and anticipated future debt carried by the operating entities and the possible negative consequences of the regulatory ring-fencing applicable to the UK operating companies for bondholders at National Grid. Moody's notches the holding company by one notch down from the

consolidated group's credit quality, which is seen as low single-A, in line with the methodology grid implied A3 rating shown in the table below.

Rating Outlook

The 2010 rights issue strengthened National Grid's balance sheet, establishing a degree of headroom within the current rating categories which has, in recent years, been absent. This headroom is, however, expected to be eroded over the medium term by the continuing capital investment programme and dividend payments.

What Could Change the Rating - Down

Moody's anticipates that National Grid will demonstrate that it is able to achieve ratios of (i) consolidated RCF to Net Debt in excess of 9.0% and (ii) FFO Interest Cover in excess of 3.0x in 2011/12 and beyond and a failure to do so would likely lead to negative rating pressure.

We anticipate that any large expansion of the capital investment programme or material acquisitions will be supported by balance sheet strengthening.

What Could Change the Rating - Up

The rights issue announced in May 2010 left National Grid and its subsidiaries better positioned in their rating categories. Moody's notes however the large capital investment programme for the UK and the possibility of additional investment in the US (above and beyond what is currently planned) which will most likely reduce financial flexibility over time. The rating agency further considers that the group will favour using free cash flow to fund shareholder distributions and/or support growth rather than to reduce gearing. On this basis, upward rating pressure for National Grid and its subsidiaries is considered unlikely in the medium term.

Rating Factors

National Grid Plc

Regulated Electric and Gas Utilities	Aaa	Aa	A	Baa	Ba	B
Factor 1: Regulatory Framework (25%)		X				
Factor 2: Ability to Recover Costs and Earn Returns (25%)			X			
Factor 3: Diversification (10%) a) Market Position (10%) b) Generation and Fuel Diversity (0%)		X				
Factor 4: Financial Strength, Liquidity & Financial Metrics (40%) a) Liquidity (10%) b) FFO Interest Cover c) FFO / Debt d) RCF / Debt e) Debt / Capitalization				X X X X		X
Rating: a) Methodology Implied Senior Unsecured Rating b) Actual Senior Unsecured Rating			A3 Baa1			

* 3-year average



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Credit Opinion: National Grid Plc

Global Credit Research - 28 May 2012

London, United Kingdom

Ratings

Category	Moody's Rating
Outlook	Stable
Issuer Rating	Baa1
Senior Unsecured	Baa1
Commercial Paper	P-2
Other Short Term	(P)P-2
National Grid Generation LLC	
Outlook	Stable
Issuer Rating	Baa1
National Grid Holdings Inc.	
Outlook	Stable
Issuer Rating	Baa1
Commercial Paper	P-2
ST Issuer Rating	P-2
National Grid Electricity Transmission plc	
Outlook	Stable
Senior Unsecured	A3
Commercial Paper	P-2
Other Short Term	(P)P-2

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Key Indicators

National Grid Plc[1]	3/31/2011	3/31/2010	3/31/2009	3/31/2008
FFO Interest Cover	3.8x	3.9x	3.1x	3.1x
FFO / Debt	15.7%	12.7%	10.7%	12.0%
RCF / Debt	11.9%	10.0%	7.6%	8.2%
Debt / Capitalization	64.1%	77.4%	80.5%	71.5%

[1] All ratios are calculated using Moody's Standard Adjustments.

Note: For definitions of Moody's most common ratio terms please see the accompanying [User's Guide](#).

Opinion

Corporate Profile

National Grid Plc ("National Grid", rated Baa1/P-2) is the holding company for a range of largely regulated businesses focusing on the ownership and operation of electricity and gas networks in the UK and the US.

In the UK, National Grid Electricity Transmission plc ("NGET", rated A3), owns the high-voltage electricity transmission network in England and Wales and operates the system across Great Britain. National Grid Gas plc ("NGG", rated A3) owns and operates the high pressure gas transmission system in Britain and its distribution business delivers gas to 11 million homes and commercial customers.

In the US, National Grid distributes electricity to nearly five million customers in Massachusetts, New Hampshire, New York and Rhode Island. Owning 4,000 megawatts of electricity generation, it is the largest power producer in New York State - carrying power to over one million customers on Long Island. It is also the largest distributor of natural gas in the northeastern US, delivering gas to 3.4 million customers in New York, Massachusetts, New Hampshire and Rhode Island.

National Grid also has a number of related unregulated businesses such as Liquefied Natural Gas importation and storage, property and metering. These operate mostly in the UK and are modest in the context of the group as a whole, accounting for around 5% of revenue and operating profit in the year to March 2012.

Recent Developments

National Grid reported its preliminary results for 2011/12 on 17 May 2012. Excluding an adverse timing impact of GBP256 million, operating profit for the group grew by GBP172 million, or 5%, on a constant currency basis. The higher earnings were largely driven by the UK regulated businesses which benefitted from high retail price index (RPI) inflation, but also a GBP68 million (57%) increase in profit from the Grain LNG, property and UK metering businesses.

On a constant currency basis and excluding timing differences of GBP183 million, operating profit for the US businesses declined by GBP12 million, or 1%, with the benefit of higher regulated income and cost reductions offset by GBP116 million of storm costs. Including storm costs and timing effects, operating profit for the group as a whole declined by 2% in 2011/12 but this must be considered in the context of a 15% increase in the prior year.

In March and April 2012, National Grid submitted updated business plans for its UK transmission and gas distribution businesses to the regulator, Ofgem, as part of the continuing price review process under the regulator's new RIIO (which stands for Revenues = Incentives + Innovation + Outputs) approach. These plans envisage total expenditure over the eight year regulatory period from April 2013 of GBP30 billion for transmission and GBP13 billion for gas distribution, including capex of GBP25 billion and GBP6 billion respectively. The plans also include National Grid's proposals for matters including incentives and transitional arrangements regarding proposed changes to asset depreciation.

Rating Rationale

Moody's rating assessment of National Grid reflects the group's focus on the ownership and operation of electricity and gas networks in the UK and US and takes into account the low business risk of assets operated under well developed regulatory frameworks and strong cash flow generation. The ratings also reflect, as negatives, the capital intensive nature of the group's business, a significant debt burden and the level of shareholder returns.

The ratings are based on Moody's methodologies for (i) Regulated Electric and Gas Utilities published in August 2009 and (ii) complex European utility groups (see European Regulated Utility Groups: Methodology Update, January 2007).

Rating Drivers

The following factors influence National Grid's ratings under Moody's Regulated Electric and Gas Utilities methodology:

FACTOR 1: REGULATORY FRAMEWORK

In the UK, NGG and NGET are subject to regulation by Ofgem whilst National Grid's regulated US subsidiaries are variously subject to regulation by FERC, New York PSC ("NY PSC"), Massachusetts DPU, Rhode Island PUC and New Hampshire PUC.

There are some similarities between the regulatory regimes in the US and UK. For example, each is based on a building block approach intended to allow the regulated entity to recover its operating costs, pay tax, receive regulatory depreciation and earn a return on past investments. However, there are important differences: (i) the US system is often based on historic rather than prospective costs although this is not the case in New York and Rhode Island; (ii) returns are determined on a nominal basis in the US but a real basis in the UK; (iii) US regulators take account of the actual rather than a notional capital structure; and (iv) US utilities are able to make full or partial filings as necessary rather than being bound by a fixed regulatory timetable as is the case in the UK. We note also that the US system is quasi-judicial with multiple parties including government bodies and officials, consumer advocacy groups and various energy consumers, who have differing concerns, but generally a common objective of limiting rate increases.

Whilst noting that prices from 2013 will be set under the new RIIO framework, Moody's considers the regulatory regime in the UK to be stable and predictable with a track record that demonstrates a high degree of transparency and hence limited regulatory uncertainty. For NGG and NGET, we assign a score of Aaa for Regulatory Framework. This is consistent with the score assigned for the stability and predictability of the regulatory regime for other regulated network businesses in the UK.

National Grid's US operating subsidiaries benefit from well developed regulatory frameworks but they are not considered by Moody's to be as predictable or transparent as the regime in the UK. In particular there is evidence of some inconsistency or unpredictability in their application inter alia due to political considerations or pressure. On this basis, we assign a score of Baa for Regulatory Framework for the US subsidiaries and a blended score of Aa for the group as a whole for this rating factor.

FACTOR 2: ABILITY TO RECOVER COSTS AND EARN RETURNS

National Grid's ability to recover its costs and earn returns differs across the different subsidiaries and regulatory jurisdictions although, further to our comments on the different regulatory frameworks, the extent of the variation is limited. In the UK, NGG and NGET benefit from a tariff formula that allows for the recovery of efficient expenditure and depreciation set by Ofgem at periodic reviews. Rate/tariff reviews and cost recovery in the US is considered to be fairly predictable with new plans providing a generally fair return on investments with limited instances of regulator challenge.

In the past, National Grid has seen poor returns from its US businesses as higher than anticipated capital expenditure and operating costs reduced the achieved return on equity ("RoE") under old rate plans, in some cases to levels below 5%. Since 2008, however, new rate cases have come into effect for all of National Grid's US rate base and the group has been largely but not wholly successful in meeting its goals including RoE, revenue decoupling, pension and other true ups and capex trackers. As a result of the new plans and cost cutting, achieved RoE increased to 8.8% in 2011 as compared to 6.9% in 2009, but remains somewhat below the allowed 9.9% for the US operations as a whole and the 11.3% reported return for the group. We observe that reported returns in the US have also benefitted from a re-classification of regulated assets to outside the regulatory rate base (USD1.9 billion of regulated assets are now classified as outside the USD14.5 billion rate base).

The group continues to make rate case filings in the US as it seeks to further improve returns. In April, National Grid filed with the NY PSC in respect of the Niagara Mohawk gas and electricity businesses, which together comprise around one third of the US rate base. Despite rate plans that came into effect quite recently -- May 2009 for gas and January 2011 for electric -- achieved returns were a modest 6.5% (gas) and 5.6% (electric) in 2011. In April, the group also filed new rate cases for its Rhode Island gas and electric operations.

We assign a score of A for Ability to Recover Costs and Earn Returns under the methodology on a blended basis. This score recognises that rate/tariff review outcomes across the group are fairly predictable with a generally fair return on investments albeit there is a tendency toward politically motivated challenge or intervention in the US which would result in some of those subsidiaries being scored in the Baa category for this factor. A majority of the issuers covered by the methodology are scored in the A/Baa categories.

FACTOR 3: DIVERSIFICATION

Diversification is considered under the Regulated Electric and Gas Methodology as, in general, a balance among several different businesses, geographic regions or regulatory regimes reduces the risk that a company will experience a sudden or rapid deterioration in its overall creditworthiness because of an adverse development specific to any one part of its operation.

National Grid has material operations in gas transmission and distribution, electricity transmission, distribution and generation across a number of different regions and regulatory regimes and thus enjoys the benefit of significant diversification. We thus assign a score of Aa for this factor .

FACTOR 4: FINANCIAL STRENGTH AND LIQUIDITY

National Grid demonstrated solid performance in terms of its key financial metrics for the year to March 2011, reflecting the emerging benefit of new US rate cases (albeit largely offset by higher post-retirement costs and depreciation) but also timing differences, which accounted for GBP433 million of the GBP476 million of growth in operating profit for the year. Key ratios for the year also benefitted from receipt of the GBP3.2 billion rights issue proceeds and also the impact of a weakening USD/GBP exchange rate on the group's USD denominated debt. However, the group reported only a 2% reduction in net finance costs for FY11 with higher interest charges for the group's index-linked debt offsetting the reduction in net debt due to the rights issue.

The credit metrics for National Grid under the Regulated Electric and Gas Methodology result in scores in the Baa range.

As was the case prior to the introduction of the Regulated Electric and Gas Methodology, we will continue to focus on the RCF/Net Debt and FFO Interest Cover ratios for the group as a whole. Moody's considers that these two metrics effectively capture the group's financial performance and allow the rating agency to provide clear guidance to the group and the market. Moody's guidance for the group's current ratings are FFO interest cover of at least 3.0x and RCF to Net Debt of at least 9.0%.

In its analysis, Moody's also considers the debt capacity of the group. We calculate the excess debt capacity at each operating company i.e. debt capacity at the current rating level less the amount of debt then outstanding. We then compare the aggregate debt capacity across all of the operating companies with the debt at National Grid plc to see if it is adequately supported. Our analysis suggested that this was the case as at March 2011 with the rights issue will have providing good headroom.

Liquidity

As at 31 March 2012, National Grid had cash and cash equivalents of GBP299 million, GBP2,391 million of financial investments and around GBP2.0 billion of undrawn committed bank facilities.

National Grid enjoys good access to the capital markets. Issuance was limited during FY12 following receipt of the rights issue proceeds but is expected to increase in the current financial year.

National Grid's liquidity profile is generally characterised by cash inflows from dividends and intercompany interest from its regulatory ring fenced subsidiaries. These cash streams fund the company's dividend and interest, although the latter is predominantly serviced from USD cash streams derived from the US operations. The regulatory frameworks in the US and the UK provide some degree of restriction in terms of dividend distributions, whereby lock-ups will usually be triggered as soon as the operating entity is at the risk of losing its investment-grade rating. For the US subsidiaries also certain leverage levels are applied, which if breached would trigger distribution lock-ups. As such these dividend inflows are of less quality to the group than actual cash reserves, but Moody's acknowledges that at current rating and leverage levels there remains adequate headroom for dividend payments from the operating subsidiaries.

Moody's notes National Grid's large capital programme. For the financial year ending March 2012, the group invested a total of GBP3.4 billion. Capital investment for the current financial year is expected to be in the range of GBP3.5 to 3.8 billion with future growth driven by the need for asset replacement, but also changes in sources of gas supply and electricity generation. The management of the capital programme and the associated funding is considered a key challenge for the group, as the plan relates largely to non-discretionary capex.

National Grid has US CP programmes (USD5.0 billion) and an ECP programme (USD1.5 billion), which are utilised for working capital management and to help hedge the group's US investments exposure. As of 31 March 2012 there

was no outstanding issuance under the programmes. Moody's notes management's treasury policy to limit issuance at any one time to the amount of its committed back-up facilities, to the extent that these lines are not already utilised to back up issuance by National Grid USA, National Grid Holdings Inc, NGET or NGG.

Structural Considerations

National Grid's assigned Baa1/P-2 ratings take into account structural subordination of current and future anticipated debt. The ratings thereby reflect bondholders' distance from the operating companies' cash flows, the size of current and anticipated future debt carried by the operating entities and the possible negative consequences of the regulatory ring-fencing applicable to the UK operating companies for bondholders at National Grid. Moody's notches the holding company by one notch down from the consolidated group's credit quality, which is seen in the low A range, in line with the methodology grid implied A3 rating shown in the table below.

Rating Outlook

The 2010 rights issue strengthened National Grid's balance sheet, establishing a degree of headroom within the current rating categories which has, in recent years, been absent. This headroom is, however, expected to be eroded over the medium term by the continuing capital investment programme and dividend payments.

What Could Change the Rating - Up

Moody's considers upward rating pressure is unlikely in the medium term. As mentioned, the 2010 rights issue left National Grid and its subsidiaries better positioned in their rating categories but Moody's notes that the group's large capital investment programme for the UK and the possibility of additional investment in the US (above and beyond what is currently planned) will most likely reduce financial flexibility over time. The rating agency further considers that the group will favour using free cash flow to fund shareholder distributions and/or support growth rather than to reduce gearing. We note, as a positive, that the group intends to increase dividends for the current year by 4% as compared to the 8% annual growth over recent years.

What Could Change the Rating - Down

Moody's anticipates that National Grid will demonstrate that it is able to achieve ratios of (i) consolidated RCF to Net Debt in excess of 9.0% and (ii) FFO Interest Cover in excess of 3.0x in the current financial year and beyond and a failure to do so would likely lead to negative rating pressure.

We anticipate that any large expansion of the capital investment programme or material acquisitions will be supported by balance sheet strengthening.

Rating Factors

National Grid Plc 600063513

Regulated Electric and Gas Utilities Industry [1][2]	Aaa	Aa	A	Baa	Ba	B
Factor 1: Regulatory Framework (25%)						
a) Regulatory Framework		x				
Factor 2: Ability To Recover Costs And Earn Returns (25%)						
a) Ability To Recover Costs And Earn Returns			x			
Factor 3: Diversification (10%)						
a) Market Position		x				
b) Generation and Fuel Diversity						
Factor 4: Financial Strength, Liquidity And Key Financial Metrics (40%)						
a) Liquidity				x		
b) FFO Interest Cover (3 Year Avg)				x		
c) FFO / Debt (3 Year Avg)				x		
d) RCF / Debt (3 Year Avg)				x		
e) Debt/Capitalization (3 Year Avg)						x

Rating:						
a) Indicated Rating from Grid			A3			
b) Actual Rating Assigned				Baa1		

[1] All ratios are calculated using Moody's Standard Adjustments. [2] As of 3/31/2011; Source: Moody's Financial Metrics



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September 30, 2011

National Grid PLC

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Major Rating Factors

Strengths:

- Consistent focus on low-risk electricity and natural gas transmission and distribution operations.
- Predictable revenues and cash flows from regulated activities, which account for over 97% of operating profits.
- Operating, market, and regulatory diversity in the U.K. and the U.S.
- Supportive regulatory environments.
- Proven track record of managing large acquisitions.

Corporate Credit Rating

A-/Stable/A-2

Weaknesses:

- High consolidated financial leverage as a result of previous acquisitions.
- Substantial capital expenditures and dividends that will likely result in negative free cash flows over the medium term.
- Regulatory reset risk in the U.K. and the U.S.
- Exposure to foreign exchange risk and inflation, which add volatility to adjusted credit measures.

Rationale

The ratings on U.K.-based gas and electricity network operator National Grid PLC (NG) and its subsidiaries reflect Standard & Poor's Ratings Services' view of the strong and predictable cash flows from the group's low-risk electricity and gas network operations in the U.K. and the U.S.; regulatory regimes in each of those countries that we consider to be broadly supportive of credit quality; a consistently applied strategic and financial policy; and a proven track record of managing large acquisitions.

These strengths are offset by NG's relatively high financial leverage; a substantial capital expenditures (capex) program and as yet unchanged dividend policy, which together will likely result in negative free cash flows over the medium term; regulatory reset risk in the U.S. and the U.K.; and exposure to foreign exchange risks and inflation, which add volatility to Standard & Poor's-adjusted credit measures.

Key business and profitability developments

NG reported a robust set of results for the 12 months ended March 31, 2011, with operating profit before exceptional items up by 15% year on year, to £3.6 billion. This increase was mainly driven by one-off items of £433 million that will not recur this year. Pretax profit increased by 25% over the same period, and financing costs fell by 2% as higher costs related to the effect of inflation in the U.K. on the indexation of inflation-linked debt (about 30% of NG's long-term debt) were offset by lower net pension charges and lower overall net debt. The latter reflected the benefit of the cash proceeds from a rights issue announced in May 2010.

We believe that NG's results will return to more moderate levels of growth in the next financial year. In our view, the increase in inflation in 2010-2011 will be reflected in higher inflation-linked regulated revenues in 2011-2012, which will be partially offset by an increase in financing costs on inflation-linked debt.

NG's business risk has not materially changed over the past 12 months, in our view. The group remains focused on owning and operating regulated network assets in the U.K. and U.S., which account for over 97% of consolidated operating profit. NG faces some regulatory reset risk in the U.S., and U.S. revenues remain subject to an element of volume risk, although this has significantly diminished as rate plans that protect NG from fluctuations in volumes sold have been renewed. In an effort to increase returns in the U.S. and become more efficient, NG recently announced a restructuring program. The plan involves a regional focus and a reduction in operating costs of about \$200 million by March 31, 2012, achieved mainly through a 7% reduction of the U.S. workforce.

The group also remains exposed to risks arising from regulatory reset in the U.K. (currently every five years). The next price control period starts in April 2013, is expected to last for eight years, and is currently under consultation at the industry regulator, the Office of Gas and Electricity Markets (Ofgem). For further information on the next price control period, see: "Credit FAQ: How The Proposed RIIO Regulatory Framework Could Affect Ratings On U.K. Energy Utilities," published Sept. 13, 2011, on RatingsDirect on the Global Credit Portal.

On Jan. 20, 2011, the New York Public Service Commission authorized a \$112.7 million (3.6%) electricity rate hike, about 31% of the revised amount sought by Niagara Mohawk. Niagara Mohawk represents less than 10% of NG's operating income and about 30% of its U.S. operating income and therefore, in our opinion, the rate order will not have a material effect on the credit quality of the consolidated entity.

Key cash flow and capital-structure developments

NG's robust performance in 2010-2011 resulted in strengthened credit metrics for the group. Reported operating cash flow in the 12 months to March 31, 2011, was up 12% to £4.7 billion, while reported net debt fell to £18.7 billion from £22.1 billion a year ago. The reduction in net debt reflects £3.2 billion of cash from the rights issue and the effect of the weakening of the U.S. dollar-British pound sterling exchange rate on the U.S. dollar-denominated debt, partly offset by capital investment.

Consequently, NG's adjusted funds from operations (FFO)-to-debt ratio was about 17% in the 12 months to March 31, 2011, which compares positively with the rating threshold of more than 12%.

On May 20, 2010, NG announced a £3.2 billion rights issue to support funding for a significant increase in the group's capex program. The program allows for £22 billion of capex in the next five years, compared with £14 billion in the five years to March 31, 2010. We continue to expect the rights issue to position NG more comfortably within the existing ratings, and to provide a degree of headroom that was previously lacking. In our opinion, the rights issue also underlines NG's stated commitment of maintaining an 'A' category rating for its U.K. operating subsidiaries.

Liquidity

The 'A-2' short-term rating on NG, National Grid USA (NG USA; A-/Stable/A-2), and subsidiaries, is 'A-2'. This largely reflects the companies' long-term corporate credit ratings and our view of the group's adequate liquidity. Projected sources of liquidity (mainly operating cash flow and available bank lines), exceed projected uses (mainly necessary capex, debt maturities, and dividends) by more than 1.2x. NG's ability to absorb high-impact, low-probability events and retain a limited need for refinancing; its flexibility to reduce capital spending or sell assets; its sound bank relationships; its solid standing in credit markets; and its generally prudent risk management further support our opinion of liquidity as adequate.

Our assessment of NG's adequate liquidity is also underpinned by its:

- Access to unrestricted short-term cash and short-term marketable securities of about £2.9 billion as of June 30, 2011;
- Undrawn £2.7 billion committed credit facilities with a maturity longer than 12 months; and
- Our expectation that NG will generate modest and slightly higher adjusted funds from operations (FFO) in 2011-2012 than in 2010-2011, when it was about €3.6 billion.

This compares with our forecast that, in 2011-2012, NG faces:

- About £3.6 billion in capital expenditures;
- Dividend payments of about £1.0 billion; and
- £1.7 billion in short-term debt maturing over the next 12 months.

We understand that there are no restrictive covenants in the documentation attached to the group's debt.

Outlook

The stable outlook reflects our view that the group's operational and financial performances will continue to be solid. It also reflects our belief that NG will continue to focus on its regulated gas and electricity network businesses in the U.K. and the U.S., while maintaining consolidated, adjusted FFO to total debt of more than 12%.

Ratings downside could occur if NG's financial performance were to deviate materially from our forecasts without the implementation of offsetting measures, or if the group were to undertake a significant acquisition. In that regard, if consolidated FFO to total debt were to decline to 10%-11% due to higher capital outlays and acquisitions, and associated debt financing, we could lower the ratings.

Although we view the May 2010 rights issue as providing a more comfortable degree of headroom than existed previously at the current rating level, we continue to view ratings upside as unlikely because of NG's ambitious capex plans and our forecast for its financial performance.

Business Description

NG is a U.K.-based, investor-owned utility. It owns and operates the high-voltage electricity transmission system in England and Wales through its subsidiary National Grid Electricity Transmission PLC (NGET; A-/Stable/A-2); and the U.K. gas transmission network and four local gas distribution networks (GDNs) through its subsidiary National Grid Gas PLC (NKG; A-/Stable/A-2). Following the acquisition of KeySpan in 2007, NG is also, through NG USA, the second-largest utility in the U.S. by number of customers. NG USA has a significant presence in electricity transmission and distribution and gas distribution in the north-eastern U.S. states of Massachusetts, Rhode Island, New York, and New Hampshire.

NG directly serves about 19 million customers in both markets, and employs more than 28,000 people. In the financial year ending March 31, 2011, NG reported revenues of £14.34 billion, with operating profit before exceptional items up by 15%, year on year, to £3.6 billion. However, this increase was mainly driven by one-off items of £433 million that will not recur next year.

Rating Methodology

In accordance with our parent-subsiary rating criteria, the ratings on NG and its subsidiaries reflect the consolidated corporate credit profile of the whole group, including the operating companies NGET, NGG, and the subsidiaries of NG USA. We rate the long-term debt at the holding company level at 'BBB+', one notch below the corporate credit rating, to reflect the structural subordination of holding company debt to operating company liabilities. Structural subordination affects debt or guarantees issued at NG, NG USA, and NGG Finance PLC (not rated; guaranteed by National Grid Holdings One PLC and NG).

Business Risk Profile: Excellent; With Stable And Predictable Cash Flow From Regulated Businesses, And Good-Quality Operations

The major strengths of NG's excellent business risk profile are:

- NG's credit quality, which is underpinned by the strong, stable economies in which the group operates and the favorable regulation that offsets demand volatility. Virtually all of NG's operating profits come from the U.K. and the U.S.
- The contribution of stable and predictable cash flows from regulated networks, which generate over 97% of the group's earnings. Although regulation varies between U.K. and U.S., the regulatory regimes are transparent and generally supportive of credit quality.
- NG's solid operating performance and frequent outperformance of efficiency targets, along with its good track record of cost reduction and successful integration following acquisitions or mergers. NG met or exceeded most of its operational targets in 2010-2011. Under the U.K. regulatory framework, NG achieved system reliability of 99% in electricity and 100% in gas transmission, as in previous years. Similarly, there were no reliability issues in U.K. gas distribution. In U.S. transmission and distribution, NG fully met its targets for network reliability.
- The fact that the U.K. business's remuneration is based on cost plus a margin and is not a function of electricity or gas demand. This has been a supporting factor during the recession of the past few years. Future operating profit margins are, however, mostly reliant on NG's ability to control costs while managing capital projects required to sustain or improve network quality and match performance requirements.

These strengths are mitigated by the following constraints:

- Uncertainty about the effects of the new U.K. transmission and distribution regulatory framework. As part of the regulatory review for the RIIO (revenue = incentives + innovation + outputs) model, Ofgem published a decision that the lives of new electricity distribution assets will depreciate over 40 years, as opposed to 20 years previously. This change will take effect at the start of the next regulatory period on April 1, 2013. We think that the slow depreciation of assets will constrain cash flow generation in the medium term, although to a different extent for each network operator. At the same time, the slow depreciation should reduce leverage in terms of debt to regulatory capital value. We do not yet factor the proposed regulatory changes into our ratings for two reasons: First, the overall effect will depend on the overall package of regulatory decisions; and second, Ofgem has stated its willingness to consider transitional arrangements to reduce the impact of the changes.
- Substantial capex of about £22 billion over the next five years. This is likely to increase operational challenges in the short term, but should lead to operational improvements in the medium to long term. The capex, of which about £15 billion is to be used in the U.K. regulated business, is driven by the need to reconfigure the electricity

transmission network to handle large quantities of intermittent renewable power and to remodel the gas network to accommodate an increase in imports, especially liquefied natural gas.

- NG's highly acquisitive strategy, including in nondomestic markets. However, the group has so far demonstrated a good track record of cost reduction and successful integration following acquisitions or mergers.
- Regulatory reset risk and volume risk in the U.S. Historically, regulation has been reasonably supportive of creditworthiness, but long-term rate plans, rate moratoriums, and regulatory lag have resulted in earned returns that are below the national average in most jurisdictions. U.S. revenues also remain subject to an element of volume risk. We believe that the subsidiaries' ability to manage regulatory risk remains critical to credit quality.

Financial Risk Profile: Significant; With High Leverage Levels And Material Capex Requirements

The main weaknesses of NG's significant financial risk profile are:

- High consolidated financial leverage as a result of previous acquisitions.
- Negative cash flow generation, which we anticipate over the next five years, due to the group's large capex program (£22 billion to 2015) and dividend payments. However, we also anticipate that NG will maintain adjusted FFO to debt above our 12% guidance for the rating.
- An aggressive policy of raising dividends by about 8% annually, resulting in a payout ratio of about 68% as of March 31, 2010.
- Exposure to foreign exchange risk and inflation, which add volatility to adjusted credit measures. NG mitigates currency risk on its cash flows by matching the currency of its debt, although it remains exposed to translation risk. A high retail price index increases the amount of inflation-linked debt indexation that we deduct from FFO in accordance with our criteria.

These weaknesses are partially mitigated by:

- A significant degree of cash flow predictability, since regulated businesses generate 95% of the group's cash flow.
- A publicly stated aim to maintain the current rating. Management is therefore committed to maintaining adjusted FFO to debt of more than 12%. The recent rights issue underlines NG's unchanged goal of maintaining an 'A' category rating for its U.K. operating subsidiaries.
- NG's good access to bank financing and the capital markets, with funding sources being well-diversified. The group was able to maintain full access to the bond markets during the financial crisis, and its recent £3.2 billion rights issue was fully underwritten.

Financial Statistics/Adjustments

NG's last full, consolidated accounts, for the financial year to March 31, 2011, were prepared according to International Financial Reporting Standards. We make a number of adjustments to NG's reported figures. The adjustments for financial 2010-2011 are shown in table 1. The most important are as follows:

- We add to debt operating lease liabilities of £593.3 million, representing the present value of future operating lease obligations.
- We also add to debt postretirement benefit obligations of £1,198 million. We view pension deficits as debt-like obligations.

- We subtract surplus cash of £2,938 million from debt. This comprises unrestricted cash and marketable securities, and investments in short-term money market funds.
- In line with our criteria, we also subtract from debt the difference between the debt shown on the balance sheet, and the value of debt that is locked in through principal hedges. Therefore we subtract a positive value of principal hedges on currency derivatives of £1.1 billion from debt. This amount reflects the difference between reported debt and the value of foreign currency debt that has been locked into maturity through currency derivatives.
- We subtract from cash flow from operations £238 million of replacement expenditure (repex), representing the reclassification of 50% of repex from capex to operating expenditure. This adjustment reflects the regulatory treatment of repex.
- We subtract from FFO indexation of £248 million, in line with our criteria for inflation-linked debt (see "New Methodology For Inflation-Linked Debt Has No Immediate Effect On Ratings On U.K. Regulated Utilities," published April 8, 2009).

Table 1

Reconciliation Of National Grid PLC Reported Amounts With Standard & Poor's Adjusted Amounts										
--Fiscal year ended March 31, 2011--										
National Grid PLC reported amounts										
(Mil. £)	Debt	Shareholders' equity	Revenues	EBITDA	Operating income	Interest expense	Cash flow from operations	Cash flow from operations	Dividends paid	Capital expenditures
Reported	23,198.0	9,060.0	14,343.0	4,997.0	3,745.0	1,140.0	4,858.0	4,858.0	858.0	2,958.0
Standard & Poor's adjustments										
Operating leases	593.3	--	--	37.4	37.4	37.4	49.6	49.6	--	--
Postretirement benefit obligations	1,198.0	35.3	--	33.0	33.0	--	280.1	280.1	--	--
Surplus cash and near cash investments	(2,938.0)	--	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	--	129.0	--	--	--	--
Share-based compensation expense	--	--	--	25.0	--	--	--	--	--	--
Asset retirement obligations	86.4	--	--	--	--	2.0	(20.9)	(20.9)	--	--
Reclassification of nonoperating income (expenses)	--	--	--	--	32.0	--	--	--	--	--
Reclassification of interest, dividend, and tax cash flows	--	--	--	--	--	--	(930.0)	(930.0)	--	--
Reclassification of working-capital cash flow changes	--	--	--	--	--	--	--	(185.0)	--	--

Table 1

Reconciliation Of National Grid PLC Reported Amounts With Standard & Poor's Adjusted Amounts (cont.)										
Minority interests	--	9.0	--	--	--	--	--	--	--	--
Value of principal hedges on currency derivatives	(1,130.0)	--	--	--	--	--	--	--	--	--
Indexation on inflation-linked debt	--	--	--	--	--	--	248.0	--	--	--
Reclassification of replacement expenditure	--	--	--	--	--	--	(238.0)	(238.0)	--	--
Indexation on inflation-linked debt	--	--	--	--	--	--	(248.0)	(248.0)	--	--
Total adjustments	(2,190.3)	44.3	0.0	95.4	102.4	168.4	(859.2)	(1,292.2)	0.0	0.0

Standard & Poor's adjusted amounts

	Debt	Equity	Revenues	EBITDA	EBIT	Interest expense	Cash flow from operations	Funds from operations	Dividends paid	Capital expenditures
Adjusted	21,007.7	9,104.3	14,343.0	5,092.4	3,847.4	1,308.4	3,998.8	3,565.8	858.0	2,958.0

Table 2

National Grid PLC Peer Comparison

	National Grid PLC	Elia System Operator S.A./N.V.	Terna SpA	Red Electrica Corporacion S.A.	Bord Gais Eireann	Fingrid Oyj	N.V. Nederlandse Gasunie
Rating as of Sept. 30, 2011	A-/Stable/A-2	A-/Stable/A-2	A+/Negative/A-1	AA-/Stable/A-1+	BBB+/Negative/A-2	AA-/Stable/A-1+	AA-/Watch Neg/A-1+
	--Fiscal year ended March 31, 2011--			--Fiscal year ended Dec. 31, 2010--			
(Mil. mixed currencies)	£	€	€	€	€	€	€
Revenues	14,343.0	1,122.8	1,533.1	1,412.5	1,508.5	463.3	1,523.0
EBITDA	5,092.4	462.7	1,177.8	993.6	330.4	141.8	941.6
Net income from continuing operations	2,159.0	402.0	466.7	390.2	114.0	41.8	453.7
Funds from operations (FFO)	3,565.8	295.7	818.5	848.5	236.7	120.5	837.8
Capital expenditures	2,958.0	282.1	1,077.8	802.8	164.2	159.8	1,113.2
Free operating cash flow	1,040.8	137.6	(380.6)	(5.7)	21.3	(43.7)	(202.8)
Discretionary cash flow	182.8	71.0	(781.4)	(204.5)	(9.9)	(50.4)	(618.7)

Table 2

National Grid PLC Peer Comparison (cont.)							
Cash and short-term investments	0.0	423.6	0.1	18.3	29.7	71.7	158.5
Debt	21,007.7	3,088.4	5,230.1	4,816.9	1,930.5	949.2	4,981.2
Equity	9,104.3	2,432.4	2,760.8	1,624.6	1,479.3	514.2	5,260.8
Adjusted ratios							
EBITDA margin (%)	35.5	41.2	76.8	70.3	21.9	30.6	61.8
EBITDA interest coverage (x)	3.9	3.1	9.1	7.6	3.4	6.5	4.0
EBIT interest coverage (x)	2.9	2.2	6.4	5.1	2.1	3.5	3.3
Return on capital (%)	11.6	6.8	10.6	11.5	5.7	5.1	7.6
FFO/debt (%)	17.0	9.6	15.6	17.6	12.3	12.7	16.8
Free operating cash flow/debt (%)	5.0	4.5	(7.3)	(0.1)	1.1	(4.6)	(4.1)
Debt/EBITDA (x)	4.1	6.7	4.4	4.8	5.8	6.7	5.3
Total debt/debt plus equity (%)	69.8	55.9	65.5	74.8	56.6	64.9	48.6

Table 3

National Grid PLC Financial Summary					
--Fiscal year ended March 31--					
	2011	2010	2009	2008	2007
Rating history	A-/Stable/A-2	A-/Stable/A-2	A-/Stable/A-2	A-/Stable/A-2	A/Watch Neg/A-1
(Mil. £)					
Revenues	14,343.0	13,988.0	15,624.0	11,423.0	8,778.0
EBITDA	5,092.4	4,589.6	3,773.0	4,024.1	3,398.2
Net income from continuing operations	2,159.0	1,386.0	919.0	1,572.0	1,308.0
Funds from operations (FFO)	3,565.8	3,212.5	2,540.3	2,575.6	2,127.3
Capital expenditures (capex)	2,958.0	3,037.8	3,290.8	2,839.2	2,037.0
Dividends paid	858.0	688.0	838.0	806.0	756.0
Debt	21,007.7	25,164.1	24,919.1	18,589.1	13,615.2
Preferred stock	0.0	0.0	0.0	0.0	0.0
Equity	9,104.3	4,235.5	4,006.3	5,372.6	4,103.8
Debt and equity	30,111.9	29,399.6	28,925.5	23,961.7	17,719.0
Adjusted ratios					
EBITDA margin (%)	35.5	32.8	24.1	35.2	38.7
EBIT interest coverage (x)	2.9	2.7	2.0	2.9	2.9
FFO interest coverage (x)	3.5	3.3	2.8	3.3	3.2

Table 3

National Grid PLC Financial Summary (cont.)					
FFO/debt (%)	17.0	12.8	10.2	13.9	15.6
Discretionary cash flow/debt (%)	0.9	(0.4)	(5.4)	(5.6)	(4.1)
Net cash flow/capex (%)	91.5	83.1	51.7	62.3	67.3
Debt/debt and equity (%)	69.8	85.6	86.1	77.6	76.8
Return on capital (%)	11.6	10.6	9.2	13.6	13.9
Return on common equity (%)	32.6	33.9	19.7	33.2	34.4
Common dividend payout ratio (unadjusted; %)	49.3	64.4	91.2	52.9	59.5

Related Criteria And Research

All articles listed below are available on RatingsDirect on the Global Credit Portal, unless otherwise stated.

- How The Proposed RIIO Regulatory Framework Could Affect Ratings On U.K. Energy Utilities, Sept. 13, 2011
- Principles Of Credit Ratings, Feb. 16, 2011
- Standard & Poor's Standardizes Liquidity Descriptors For Global Corporate Issuers, July 2, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Business Risk/Financial Risk Matrix Expanded, May 27, 2009
- Principles Of Corporate And Government Ratings, June 26, 2007
- Corporate Criteria--Parent/Subsidiary Links; General Principles; Subsidiaries/Joint Ventures/Nonrecourse Projects; Finance Subsidiaries; Rating Link to Parent, Oct. 28, 2004

Ratings Detail (As Of September 30, 2011)*	
National Grid PLC	
Corporate Credit Rating	A-/Stable/A-2
Commercial Paper	
<i>Foreign Currency</i>	A-2
Senior Unsecured (10 Issues)	BBB+
Corporate Credit Ratings History	
24-Aug-2007	A-/Stable/A-2
24-Feb-2006	A/Watch Neg/A-1
31-Jan-2002	A/Stable/A-1
Business Risk Profile	Excellent
Financial Risk Profile	Significant
Debt Maturities	
On March 31, 2011:	
Between one and three years: £ 2.6 bil.	
Between three and five years: £ 2.0 bil.	
More than five years: £ 14.7 bil.	
Related Entities	
Boston Gas Co.	
Issuer Credit Rating	A-/Stable/NR
Senior Unsecured (18 Issues)	A-

Ratings Detail (As Of September 30, 2011)* (cont.)

Colonial Gas Co.	
Issuer Credit Rating	A-/Stable/--
Senior Secured (5 Issues)	A
KeySpan Corp.	
Issuer Credit Rating	A-/Stable/A-2
Senior Unsecured (6 Issues)	A-
KeySpan Energy Delivery Long Island	
Issuer Credit Rating	A/Stable/--
Senior Unsecured (1 Issue)	A
KeySpan Energy Delivery New York	
Issuer Credit Rating	A/Stable/NR
Senior Unsecured (10 Issues)	A
KeySpan Generation LLC	
Issuer Credit Rating	A-/Stable/--
Senior Unsecured (1 Issue)	A
Lattice Group PLC	
Issuer Credit Rating	A-/Stable/--
Massachusetts Electric Co.	
Issuer Credit Rating	A-/Stable/A-2
Preferred Stock (1 Issue)	BBB
Senior Unsecured (1 Issue)	A-
Senior Unsecured (4 Issues)	A-/A-2
Narragansett Electric Co.	
Issuer Credit Rating	A-/Stable/A-2
Preferred Stock (1 Issue)	BBB
Senior Secured (3 Issues)	A
Senior Unsecured (2 Issues)	A-
National Grid Electricity Transmission PLC	
Issuer Credit Rating	A-/Stable/A-2
Commercial Paper	
<i>Foreign Currency</i>	A-2
Senior Unsecured (25 Issues)	A-
Senior Unsecured (1 Issue)	BBB+
National Grid Gas Holdings PLC	
Issuer Credit Rating	A-/Stable/--
National Grid Gas PLC	
Issuer Credit Rating	A-/Stable/A-2
Senior Unsecured (43 Issues)	A-
National Grid Holdings Inc.	
Issuer Credit Rating	A-/Stable/--
National Grid Holdings One PLC	
Issuer Credit Rating	A-/Stable/A-2
National Grid USA	
Issuer Credit Rating	A-/Stable/A-2

Ratings Detail (As Of September 30, 2011)* (cont.)

Commercial Paper	
<i>Local Currency</i>	A-2
Senior Unsecured (7 Issues)	BBB+
New England Power Co.	
Issuer Credit Rating	A-/Stable/A-2
Preferred Stock (1 Issue)	BBB
Senior Unsecured (4 Issues)	A-/A-2
Niagara Mohawk Power Corp.	
Issuer Credit Rating	A-/Stable/A-2
Preferred Stock (3 Issues)	BBB
Senior Secured (5 Issues)	A
Senior Unsecured (5 Issues)	A-

*Unless otherwise noted, all ratings in this report are global scale ratings. Standard & Poor's credit ratings on the global scale are comparable across countries. Standard & Poor's credit ratings on a national scale are relative to obligors or obligations within that specific country.

Additional Contact:

Infrastructure Finance Ratings Europe; InfrastructureEurope@standardandpoors.com

Additional Contact:

Infrastructure Finance Ratings Europe; InfrastructureEurope@standardandpoors.com

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The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-12-12
In re: Application for Long-Term Debt Issuance
Responses to Division's First Set of Data Requests
Issued May 30, 2012

Division 1-2

Request:

Please provide Narragansett Electric's capital structure policies and percentage targets and the basis for those targets.

Response:

The Company targets a capital structure consisting of approximately 50 percent equity and 50 percent debt. These targets are determined in line with the Company's credit and risk profile.

The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-12-12
In re: Application for Long-Term Debt Issuance
Responses to Division's First Set of Data Requests
Issued May 30, 2012

Division 1-3

Request:

Please provide a description of Narragansett Electric's dividend policy.

Response:

National Grid's finance organization makes recommendations to the Company's Board of Directors as to the amount and timing of dividends paid by the Company. These recommendations are based on an evaluation of the Company's financial condition and capital structure requirements among other considerations. The Company's Board of Directors evaluates the Company's stand-alone financial position before approving, modifying or rejecting these recommendations.

The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-12-12
In re: Application for Long-Term Debt Issuance
Responses to Division's First Set of Data Requests
Issued May 30, 2012

Division 1-4

Request:

Please provide Narragansett Electric's balance sheet at December 31, 2011 and its income and cash flow statements for calendar 2011. Include all footnotes to these statements.

Response:

Please refer to Attachment DIV 1-4 for Financial Statements prepared under FERC Regulatory Accounts.

THIS FILING IS	
Item 1: <input checked="" type="checkbox"/> An Initial (Original) Submission	OR <input type="checkbox"/> Resubmission No. _____

Form 1 Approved
 OMB No.1902-0021
 (Expires 12/31/2014)
 Form 1-F Approved
 OMB No.1902-0029
 (Expires 12/31/2014)
 Form 3-Q Approved
 OMB No.1902-0205
 (Expires 05/31/2014)



FERC FINANCIAL REPORT FERC FORM No. 1: Annual Report of Major Electric Utilities, Licensees and Others and Supplemental Form 3-Q: Quarterly Financial Report

These reports are mandatory under the Federal Power Act, Sections 3, 4(a), 304 and 309, and 18 CFR 141.1 and 141.400. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider these reports to be of confidential nature

Exact Legal Name of Respondent (Company)	Year/Period of Report
The Narragansett Electric Company	End of <u>2011/Q4</u>

INSTRUCTIONS FOR FILING FERC FORM NOS. 1 and 3-Q

GENERAL INFORMATION

I. Purpose

FERC Form No. 1 (FERC Form 1) is an annual regulatory requirement for Major electric utilities, licensees and others (18 C.F.R. § 141.1). FERC Form No. 3-Q (FERC Form 3-Q) is a quarterly regulatory requirement which supplements the annual financial reporting requirement (18 C.F.R. § 141.400). These reports are designed to collect financial and operational information from electric utilities, licensees and others subject to the jurisdiction of the Federal Energy Regulatory Commission. These reports are also considered to be non-confidential public use forms.

II. Who Must Submit

Each Major electric utility, licensee, or other, as classified in the Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject To the Provisions of The Federal Power Act (18 C.F.R. Part 101), must submit FERC Form 1 (18 C.F.R. § 141.1), and FERC Form 3-Q (18 C.F.R. § 141.400).

Note: Major means having, in each of the three previous calendar years, sales or transmission service that exceeds one of the following:

- (1) one million megawatt hours of total annual sales,
- (2) 100 megawatt hours of annual sales for resale,
- (3) 500 megawatt hours of annual power exchanges delivered, or
- (4) 500 megawatt hours of annual wheeling for others (deliveries plus losses).

III. What and Where to Submit

(a) Submit FERC Forms 1 and 3-Q electronically through the forms submission software. Retain one copy of each report for your files. Any electronic submission must be created by using the forms submission software provided free by the Commission at its web site: <http://www.ferc.gov/docs-filing/eforms/form-1/elec-subm-soft.asp>. The software is used to submit the electronic filing to the Commission via the Internet.

(b) The Corporate Officer Certification must be submitted electronically as part of the FERC Forms 1 and 3-Q filings.

(c) Submit immediately upon publication, by either eFiling or mail, two (2) copies to the Secretary of the Commission, the latest Annual Report to Stockholders. Unless eFiling the Annual Report to Stockholders, mail the stockholders report to the Secretary of the Commission at:

Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

(d) For the CPA Certification Statement, submit within 30 days after filing the FERC Form 1, a letter or report (not applicable to filers classified as Class C or Class D prior to January 1, 1984). The CPA Certification Statement can be either eFiled or mailed to the Secretary of the Commission at the address above.

The CPA Certification Statement should:

- a) Attest to the conformity, in all material aspects, of the below listed (schedules and pages) with the Commission's applicable Uniform System of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and
- b) Be signed by independent certified public accountants or an independent licensed public accountant certified or licensed by a regulatory authority of a State or other political subdivision of the U. S. (See 18 C.F.R. §§ 41.10-41.12 for specific qualifications.)

<u>Reference Schedules</u>	<u>Pages</u>
Comparative Balance Sheet	110-113
Statement of Income	114-117
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122-123

- e) The following format must be used for the CPA Certification Statement unless unusual circumstances or conditions, explained in the letter or report, demand that it be varied. Insert parenthetical phrases only when exceptions are reported.

"In connection with our regular examination of the financial statements of _____ for the year ended on which we have reported separately under date of _____, we have also reviewed schedules _____ of FERC Form No. 1 for the year filed with the Federal Energy Regulatory Commission, for conformity in all material respects with the requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Our review for this purpose included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (except as noted below) conform in all material respects with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases."

The letter or report must state which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

- f) Filers are encouraged to file their Annual Report to Stockholders, and the CPA Certification Statement using eFiling. To further that effort, new selections, "Annual Report to Stockholders," and "CPA Certification Statement" have been added to the dropdown "pick list" from which companies must choose when eFiling. Further instructions are found on the Commission's website at <http://www.ferc.gov/help/how-to.asp>.

- g) Federal, State and Local Governments and other authorized users may obtain additional blank copies of FERC Form 1 and 3-Q free of charge from <http://www.ferc.gov/docs-filing/eforms/form-1/form-1.pdf> and <http://www.ferc.gov/docs-filing/eforms.asp#3Q-gas>.

IV. When to Submit:

FERC Forms 1 and 3-Q must be filed by the following schedule:

- a) FERC Form 1 for each year ending December 31 must be filed by April 18th of the following year (18 CFR § 141.1), and
- b) FERC Form 3-Q for each calendar quarter must be filed within 60 days after the reporting quarter (18 C.F.R. § 141.400).

V. Where to Send Comments on Public Reporting Burden.

The public reporting burden for the FERC Form 1 collection of information is estimated to average 1,144 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data-needed, and completing and reviewing the collection of information. The public reporting burden for the FERC Form 3-Q collection of information is estimated to average 150 hours per response.

Send comments regarding these burden estimates or any aspect of these collections of information, including suggestions for reducing burden, to the Federal Energy Regulatory Commission, 888 First Street NE, Washington, DC 20426 (Attention: Information Clearance Officer); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission). No person shall be subject to any penalty if any collection of information does not display a valid control number (44 U.S.C. § 3512 (a)).

GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR Part 101) (USofA). Interpret all accounting words and phrases in accordance with the USofA.
- II. Enter in whole numbers (dollars or MWH) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important. The truncating of cents is allowed except on the four basic financial statements where rounding is required.) The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting period, and use for statement of income accounts the current year's year to date amounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to the respondent, omit the page(s) and enter "NA," "NONE," or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.
- V. Enter the month, day, and year for all dates. Use customary abbreviations. **The "Date of Report" included in the header of each page is to be completed only for resubmissions** (see VII. below).
- VI. Generally, except for certain schedules, all numbers, whether they are expected to be debits or credits, must be reported as positive. Numbers having a sign that is different from the expected sign must be reported by enclosing the numbers in parentheses.
- VII. For any resubmissions, submit the electronic filing using the form submission software only. Please explain the reason for the resubmission in a footnote to the data field.
- VIII. Do not make references to reports of previous periods/years or to other reports in lieu of required entries, except as specifically authorized.
- IX. Wherever (schedule) pages refer to figures from a previous period/year, the figures reported must be based upon those shown by the report of the previous period/year, or an appropriate explanation given as to why the different figures were used.

Definitions for statistical classifications used for completing schedules for transmission system reporting are as follows:

FNS - Firm Network Transmission Service for Self. "Firm" means service that can not be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Network Service" is Network Transmission Service as described in Order No. 888 and the Open Access Transmission Tariff. "Self" means the respondent.

FNO - Firm Network Service for Others. "Firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Network Service" is Network Transmission Service as described in Order No. 888 and the Open Access Transmission Tariff.

LFP - for Long-Term Firm Point-to-Point Transmission Reservations. "Long-Term" means one year or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. "Point-to-Point Transmission Reservations" are described in Order No. 888 and the Open Access Transmission Tariff. For all transactions identified as LFP, provide in a footnote the

termination date of the contract defined as the earliest date either buyer or seller can unilaterally cancel the contract.

OLF - Other Long-Term Firm Transmission Service. Report service provided under contracts which do not conform to the terms of the Open Access Transmission Tariff. "Long-Term" means one year or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions. For all transactions identified as OLF, provide in a footnote the termination date of the contract defined as the earliest date either buyer or seller can unilaterally get out of the contract.

SFP - Short-Term Firm Point-to-Point Transmission Reservations. Use this classification for all firm point-to-point transmission reservations, where the duration of each period of reservation is less than one-year.

NF - Non-Firm Transmission Service, where firm means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions.

OS - Other Transmission Service. Use this classification only for those services which can not be placed in the above-mentioned classifications, such as all other service regardless of the length of the contract and service FERC Form. Describe the type of service in a footnote for each entry.

AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment.

DEFINITIONS

I. Commission Authorization (Comm. Auth.) -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.

II. Respondent -- The person, corporation, licensee, agency, authority, or other Legal entity or instrumentality in whose behalf the report is made.

EXCERPTS FROM THE LAW

Federal Power Act, 16 U.S.C. § 791a-825r

Sec. 3. The words defined in this section shall have the following meanings for purposes of this Act, to with:

(3) 'Corporation' means any corporation, joint-stock company, partnership, association, business trust, organized group of persons, whether incorporated or not, or a receiver or receivers, trustee or trustees of any of the foregoing. It shall not include 'municipalities, as hereinafter defined;

(4) 'Person' means an individual or a corporation;

(5) 'Licensee, means any person, State, or municipality Licensed under the provisions of section 4 of this Act, and any assignee or successor in interest thereof;

(7) 'municipality means a city, county, irrigation district, drainage district, or other political subdivision or agency of a State competent under the Laws thereof to carry and the business of developing, transmitting, unitizing, or distributing power;

(11) "project' means. a complete unit of improvement or development, consisting of a power house, all water conduits, all dams and appurtenant works and structures (including navigation structures) which are a part of said unit, and all storage, diverting, or fore bay reservoirs directly connected therewith, the primary line or lines transmitting power there from to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any part thereof, and all water rights, rights-of-way, ditches, dams, reservoirs, Lands, or interest in Lands the use and occupancy of which are necessary or appropriate in the maintenance and operation of such unit;

"Sec. 4. The Commission is hereby authorized and empowered

(a) To make investigations and to collect and record data concerning the utilization of the water 'resources of any region to be developed, the water-power industry and its relation to other industries and to interstate or foreign commerce, and concerning the location, capacity, development -costs, and relation to markets of power sites; ... to the extent the Commission may deem necessary or useful for the purposes of this Act."

"Sec. 304. (a) Every Licensee and every public utility shall file with the Commission such annual and other periodic or special* reports as the Commission may be rules and regulations or other prescribe as necessary or appropriate to assist the Commission in the -proper administration of this Act. The Commission may prescribe the manner and FERC Form in which such reports salt be made, and require from such persons specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and Liabilities, capitalization, net investment, and reduction thereof, gross receipts, interest due and paid, depreciation, and other reserves, cost of project and other facilities, cost of maintenance and operation of the project and other facilities, cost of renewals and replacement of the project works and other facilities, depreciation, generation, transmission, distribution, delivery, use, and sale of electric energy. The Commission may require any such person to make adequate provision for currently determining such costs and other facts. Such reports shall be made under oath unless the Commission otherwise specifies*.10

"Sec. 309. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, and rescind such orders, rules and regulations as it may find necessary or appropriate to carry out the provisions of this Act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this Act; and may prescribe the FERC Form or FERC Forms of all statements, declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and the time within which they shall be filed..."

General Penalties

The Commission may assess up to \$1 million per day per violation of its rules and regulations. *See* FPA § 316(a) (2005), 16 U.S.C. § 825o(a).

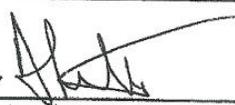
**FERC FORM NO. 1/3-Q:
 REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER
 IDENTIFICATION**

01 Exact Legal Name of Respondent The Narragansett Electric Company		02 Year/Period of Report End of 2011/Q4	
03 Previous Name and Date of Change (if name changed during year) //			
04 Address of Principal Office at End of Period (Street, City, State, Zip Code) 280 Melrose Street Providence, RI 02901			
05 Name of Contact Person Bradley B. White		06 Title of Contact Person VP & Controller of Acctg Svc	
07 Address of Contact Person (Street, City, State, Zip Code) One Metrotech Ctr. 12 FL. Brooklyn, NY 11201			
08 Telephone of Contact Person, Including Area Code (718) 403-2480	09 This Report Is (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		10 Date of Report (Mo, Da, Yr) //

ANNUAL CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name Alan P. Foster	03 Signature  Alan P. Foster	04 Date Signed (Mo, Da, Yr) 04/16/2012
02 Title Sr VP of US Financial Services		

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
LIST OF SCHEDULES (Electric Utility)				
Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".				
Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)	
1	General Information	101		
2	Control Over Respondent	102		
3	Corporations Controlled by Respondent	103	None	
4	Officers	104		
5	Directors	105		
6	Information on Formula Rates	106(a)(b)		
7	Important Changes During the Year	108-109		
8	Comparative Balance Sheet	110-113		
9	Statement of Income for the Year	114-117		
10	Statement of Retained Earnings for the Year	118-119		
11	Statement of Cash Flows	120-121		
12	Notes to Financial Statements	122-123		
13	Statement of Accum Comp Income, Comp Income, and Hedging Activities	122(a)(b)		
14	Summary of Utility Plant & Accumulated Provisions for Dep, Amort & Dep	200-201		
15	Nuclear Fuel Materials	202-203	None	
16	Electric Plant in Service	204-207		
17	Electric Plant Leased to Others	213	None	
18	Electric Plant Held for Future Use	214		
19	Construction Work in Progress-Electric	216		
20	Accumulated Provision for Depreciation of Electric Utility Plant	219		
21	Investment of Subsidiary Companies	224-225	None	
22	Materials and Supplies	227		
23	Allowances	228(ab)-229(ab)	None	
24	Extraordinary Property Losses	230	None	
25	Unrecovered Plant and Regulatory Study Costs	230	None	
26	Transmission Service and Generation Interconnection Study Costs	231		
27	Other Regulatory Assets	232		
28	Miscellaneous Deferred Debits	233		
29	Accumulated Deferred Income Taxes	234		
30	Capital Stock	250-251		
31	Other Paid-in Capital	253		
32	Capital Stock Expense	254	None	
33	Long-Term Debt	256-257		
34	Reconciliation of Reported Net Income with Taxable Inc for Fed Inc Tax	261		
35	Taxes Accrued, Prepaid and Charged During the Year	262-263		
36	Accumulated Deferred Investment Tax Credits	266-267		

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
LIST OF SCHEDULES (Electric Utility) (continued)				
Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".				
Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)	
37	Other Deferred Credits	269		
38	Accumulated Deferred Income Taxes-Accelerated Amortization Property	272-273	None	
39	Accumulated Deferred Income Taxes-Other Property	274-275		
40	Accumulated Deferred Income Taxes-Other	276-277		
41	Other Regulatory Liabilities	278		
42	Electric Operating Revenues	300-301		
43	Sales of Electricity by Rate Schedules	304		
44	Sales for Resale	310-311	None	
45	Electric Operation and Maintenance Expenses	320-323		
46	Purchased Power	326-327		
47	Transmission of Electricity for Others	328-330	None	
48	Transmission of Electricity by ISO/RTOs	331	None	
49	Transmission of Electricity by Others	332		
50	Miscellaneous General Expenses-Electric	335		
51	Depreciation and Amortization of Electric Plant	336-337		
52	Regulatory Commission Expenses	350-351		
53	Research, Development and Demonstration Activities	352-353		
54	Distribution of Salaries and Wages	354-355		
55	Common Utility Plant and Expenses	356	None	
56	Amounts included in ISO/RTO Settlement Statements	397	None	
57	Purchase and Sale of Ancillary Services	398	None	
58	Monthly Transmission System Peak Load	400	None	
59	Monthly ISO/RTO Transmission System Peak Load	400a	None	
60	Electric Energy Account	401		
61	Monthly Peaks and Output	401		
62	Steam Electric Generating Plant Statistics	402-403	None	
63	Hydroelectric Generating Plant Statistics	406-407	None	
64	Pumped Storage Generating Plant Statistics	408-409	None	
65	Generating Plant Statistics Pages	410-411	None	
66	Transmission Line Statistics Pages	422-423		

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
LIST OF SCHEDULES (Electric Utility) (continued)				
Enter in column (c) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the respondents are "none," "not applicable," or "NA".				
Line No.	Title of Schedule (a)	Reference Page No. (b)	Remarks (c)	
67	Transmission Lines Added During the Year	424-425	None	
68	Substations	426-427		
69	Transactions with Associated (Affiliated) Companies	429		
70	Footnote Data	450		
	Stockholders' Reports Check appropriate box: <input type="checkbox"/> Two copies will be submitted <input checked="" type="checkbox"/> No annual report to stockholders is prepared			

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept, and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

White, Bradley B.
 Vice President and Controller of Accounting Services
 One Metrotech Center
 Brooklyn, NY 11201

2. Provide the name of the State under the laws of which respondent is incorporated, and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Incorporated under the name of the United Electric Power Company by special Act of the Rhode Island General Assembly, approved April 08, 1926. Name changed to the The Narragansett Electric Company by Amendment of such act, approved April 14, 1927.

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not applicable

4. State the classes or utility and other services furnished by respondent during the year in each State in which the respondent operated.

Rhode Island: Electric service and gas distribution to customers

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

- (1) Yes...Enter the date when such independent accountant was initially engaged:
 (2) No

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report <i>(Mo, Da, Yr)</i> / /	Year/Period of Report End of <u>2011/Q4</u>
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CONTROL OVER RESPONDENT

1. If any corporation, business trust, or similar organization or a combination of such organizations jointly held control over the respondent at the end of the year, state name of controlling corporation or organization, manner in which control was held, and extent of control. If control was in a holding company organization, show the chain of ownership or control to the main parent company or organization. If control was held by a trustee(s), state name of trustee(s), name of beneficiary or beneficiaries for whom trust was maintained, and purpose of the trust.

National Grid USA held control over the Respondent through direct ownership of 100% of the voting stock.

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.
2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.
3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

Definitions

1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary which exercises direct control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line No.	Name of Company Controlled (a)	Kind of Business (b)	Percent Voting Stock Owned (c)	Footnote Ref. (d)
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Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
OFFICERS				
<p>1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.</p> <p>2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.</p>				
Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)	
1	President	Horan, Timothy	9,801	
2	Executive Vice President	Smith, Ellen	32,999	
3	Senior Vice President and Chief Procurement Officer	Schlaff, Raymond	32,269	
4	Senior Vice President	Owyang, Colin	21,778	
5				
6	Resignations:			
7	-----			
8	President	King, Thomas - 07/18/2011	84,538	
9	Senior Vice President	Howe, James - 04/04/2011	5,360	
10	Senior Vice President	Hogan, Patrick - 04/01/2011	5,973	
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13	Appointments:			
14	-----			
15	President	Horan, Timothy - 08/01/2011		
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Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
The Narragansett Electric Company			
FOOTNOTE DATA			

Schedule Page: 104 Line No.: 1 Column: c

Salary disclosure includes amounts that have been allocated to The Narragansett Electric Company (reporting entity). The salary amount allocated to other FERC jurisdictional companies and non-FERC jurisdictional companies total \$47,741 and \$201,180, respectively. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2011 thru 12-31-2011.

Schedule Page: 104 Line No.: 2 Column: c

Salary disclosure includes amounts that have been allocated to The Narragansett Electric Company (reporting entity). The salary amount allocated to other FERC jurisdictional companies and non-FERC jurisdictional companies total \$269,026 and \$166,725, respectively. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2011 thru 12-31-2011.

Schedule Page: 104 Line No.: 3 Column: c

Salary disclosure includes amounts that have been allocated to The Narragansett Electric Company (reporting entity). The salary amount allocated to other FERC jurisdictional companies and non-FERC jurisdictional companies total \$215,055 and \$152,676, respectively. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2011 thru 12-31-2011.

Schedule Page: 104 Line No.: 4 Column: c

Salary disclosure includes amounts that have been allocated to The Narragansett Electric Company (reporting entity). The salary amount allocated to other FERC jurisdictional companies and non-FERC jurisdictional companies total \$147,342 and \$139,463, respectively. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2011 thru 12-31-2011.

Schedule Page: 104 Line No.: 8 Column: c

Salary disclosure includes amounts that have been allocated to The Narragansett Electric Company (reporting entity). The salary amount allocated to other FERC jurisdictional companies and non-FERC jurisdictional companies total \$561,819 and \$460,518, respectively. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2011 thru 12-31-2011.

Schedule Page: 104 Line No.: 9 Column: c

Salary disclosure includes amounts that have been allocated to The Narragansett Electric Company (reporting entity). The salary amount allocated to other FERC jurisdictional companies and non-FERC jurisdictional companies total \$5,787 and \$44,056, respectively. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2011 thru 12-31-2011.

Schedule Page: 104 Line No.: 10 Column: c

Salary disclosure includes amounts that have been allocated to The Narragansett Electric Company (reporting entity). The salary amount allocated to other FERC jurisdictional companies and non-FERC jurisdictional companies total \$53,753 and \$0, respectively. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2011 thru 12-31-2011.

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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DIRECTORS

- Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.
- Designate members of the Executive Committee by a triple asterisk and the Chairman of the Executive Committee by a double asterisk.

Line No.	Name (and Title) of Director (a)	Principal Business Address (b)
1	Horan, Timothy (President)	Providence, Rhode Island
2	Root, Christopher (Senior Vice President)	Reservoir Woods, Massachusetts
3	Gerwatowski, Ronald (Senior Vice President)	Reservoir Woods, Massachusetts
4	Owyang, Colin (Senior Vice President)	Reservoir Woods, Massachusetts
5	Campbell, David (Vice President)	Reservoir Woods, Massachusetts
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Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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INFORMATION ON FORMULA RATES
 FERC Rate Schedule/Tariff Number FERC Proceeding

Does the respondent have formula rates?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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1. Please list the Commission accepted formula rates including FERC Rate Schedule or Tariff Number and FERC proceeding (i.e. Docket No) accepting the rate(s) or changes in the accepted rate.

Line No.	FERC Rate Schedule or Tariff Number	FERC Proceeding
1	FERC Rate Schedule 51	ER99-2815-000/ER00-2566-000
2	FERC Rate Schedule 46	ER00-2566-000
3		
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Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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INFORMATION ON FORMULA RATES
 FERC Rate Schedule/Tariff Number FERC Proceeding

Does the respondent file with the Commission annual (or more frequent) filings containing the inputs to the formula rate(s)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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2. If yes, provide a listing of such filings as contained on the Commission's eLibrary website

Line No.	Accession No.	Document Date \ Filed Date	Docket No.	Description	Formula Rate FERC Rate Schedule Number or Tariff Number
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Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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INFORMATION ON FORMULA RATES
 Formula Rate Variances

1. If a respondent does not submit such filings then indicate in a footnote to the applicable Form 1 schedule where formula rate inputs differ from amounts reported in the Form 1.
2. The footnote should provide a narrative description explaining how the "rate" (or billing) was derived if different from the reported amount in the Form 1.
3. The footnote should explain amounts excluded from the ratebase or where labor or other allocation factors, operating expenses, or other items impacting formula rate inputs differ from amounts reported in Form 1 schedule amounts.
4. Where the Commission has provided guidance on formula rate inputs, the specific proceeding should be noted in the footnote.

Line No.	Page No(s).	Schedule	Column	Line No
1				
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3		Not Applicable		
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Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report / /	Year/Period of Report End of <u>2011/Q4</u>
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IMPORTANT CHANGES DURING THE QUARTER/YEAR

Give particulars (details) concerning the matters indicated below. Make the statements explicit and precise, and number them in accordance with the inquiries. Each inquiry should be answered. Enter "none," "not applicable," or "NA" where applicable. If information which answers an inquiry is given elsewhere in the report, make a reference to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration given therefore and state from whom the franchise rights were acquired. If acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger, or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of an operating unit or system: Give a brief description of the property, and of the transactions relating thereto, and reference to Commission authorization, if any was required. Give date journal entries called for by the Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other condition. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and give reference to Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred as a result of issuance of securities or assumption of liabilities or guarantees including issuance of short-term debt and commercial paper having a maturity of one year or less. Give reference to FERC or State Commission authorization, as appropriate, and the amount of obligation or guarantee.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments.
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder reported on Page 104 or 105 of the Annual Report Form No. 1, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. (Reserved.)
12. If the important changes during the year relating to the respondent company appearing in the annual report to stockholders are applicable in every respect and furnish the data required by Instructions 1 to 11 above, such notes may be included on this page.
13. Describe fully any changes in officers, directors, major security holders and voting powers of the respondent that may have occurred during the reporting period.
14. In the event that the respondent participates in a cash management program(s) and its proprietary capital ratio is less than 30 percent please describe the significant events or transactions causing the proprietary capital ratio to be less than 30 percent, and the extent to which the respondent has amounts loaned or money advanced to its parent, subsidiary, or affiliated companies through a cash management program(s). Additionally, please describe plans, if any to regain at least a 30 percent proprietary ratio.

PAGE 108 INTENTIONALLY LEFT BLANK
 SEE PAGE 109 FOR REQUIRED INFORMATION.

Name of Respondent The Narragansett Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
IMPORTANT CHANGES DURING THE QUARTER/YEAR (Continued)			

1. Changes in Franchise Rights:
None
2. Information on consolidations, mergers, and reorganizations:
None
3. Purchase or sale of an operating unit or system:
None
4. Important Leaseholds:
None
5. Important extension or reduction of transmission or distribution system:
None
6. Issuance of securities or assumption of liabilities or guarantees:
None
7. Changes in Articles of Incorporation:
None
8. Wage Scale Increase:
The Company's union employees received 2.5% wage increases.
9. Status of Legal Proceedings:
None
10. Additional Material Transactions Not Reported Elsewhere in this Report:
None
11. Reserved:
None
12. N/A
13. Changes in General Officer:
 Horan, Timothy appointed as President on August 01, 2011
 Campbell, David appointed to Board of Directors on July 07, 2011
 Gerwatowski, Ronald appointed to Board of Directors on July 07, 2011
 Owyang, Colin appointed to Board of Directors on July 07, 2011
 Root, Christopher appointed as Board of Director on July 07, 2011
 White, Bradley appointed as Vice President on October 07, 2011

 Howe, James resigned as Board of Directors on February 15, 2011
 Howe, James resigned as Senior Vice President on April 04, 2011
 Hogan, Patrick resigned as Senior Vice President on April 01, 2011
 Renaud, Paul resigned as Vice President on April 01, 2011
 Renaud, Paul resigned as Board of Directors on April 04, 2011
 King, Thomas resigned as President on July 18, 2011
 Smith, Ellen resigned as Board of Directors on July, 07, 2011
 Ryan, Michael resigned as Board of Directors on July, 07, 2011
 King, Thomas resigned as Board of Directors on July, 07, 2011
14. N/A

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	3,034,002,951	2,945,050,527
3	Construction Work in Progress (107)	200-201	294,928,459	111,110,961
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		3,328,931,410	3,056,161,488
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	975,349,557	942,187,304
6	Net Utility Plant (Enter Total of line 4 less 5)		2,353,581,853	2,113,974,184
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		2,353,581,853	2,113,974,184
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	OTHER PROPERTY AND INVESTMENTS			
18	Nonutility Property (121)		1,242,562	1,240,484
19	(Less) Accum. Prov. for Depr. and Amort. (122)		25,783	18,160
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		2,556,121	2,405,069
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		3,716,257	4,019,187
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets - Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		7,489,157	7,646,580
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		5,052,470	7,956,777
36	Special Deposits (132-134)		58,762,408	63,013,206
37	Working Fund (135)		500	500
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		146,247,479	171,317,594
41	Other Accounts Receivable (143)		11,726,251	11,864,680
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		33,301,419	33,678,219
43	Notes Receivable from Associated Companies (145)		0	0
44	Accounts Receivable from Assoc. Companies (146)		8,509,356	21,999,434
45	Fuel Stock (151)	227	0	0
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	9,589,943	7,117,561
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)(Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	-57,086	493,751
55	Gas Stored Underground - Current (164.1)		19,073,566	19,023,231
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		4,780,667	5,414,405
57	Prepayments (165)		67,037,002	20,485,536
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		0	592
60	Rents Receivable (172)		179,357	365,737
61	Accrued Utility Revenues (173)		65,660,154	88,064,527
62	Miscellaneous Current and Accrued Assets (174)		2,100,391	783,140
63	Derivative Instrument Assets (175)		398,271	0
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	1,516,185
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		365,759,310	385,738,637
68	DEFERRED DEBITS			
69	Unamortized Debt Expenses (181)		3,516,248	3,751,711
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0
72	Other Regulatory Assets (182.3)	232	294,515,535	298,113,396
73	Prelim. Survey and Investigation Charges (Electric) (183)		1,267,078	3,417,356
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		118,236	25,303
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		454,098	-194,526
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	805,418	2,135,542
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reacquired Debt (189)		4,742,527	5,326,285
82	Accumulated Deferred Income Taxes (190)	234	125,032,744	144,261,752
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		430,451,884	456,836,819
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		3,157,282,204	2,964,196,220

Name of Respondent The Narragansett Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo, da, yr) / /	Year/Period of Report end of 2011/Q4
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	56,624,350	56,624,350
3	Preferred Stock Issued (204)	250-251	2,454,450	2,454,450
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		0	0
7	Other Paid-In Capital (208-211)	253	1,353,559,018	1,353,559,018
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	71,252,955	32,011,294
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	-84,214,432	-103,400,941
16	Total Proprietary Capital (lines 2 through 15)		1,399,676,341	1,341,248,171
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	604,339,000	605,714,000
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		0	0
24	Total Long-Term Debt (lines 18 through 23)		604,339,000	605,714,000
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		6,752,946	6,105,000
29	Accumulated Provision for Pensions and Benefits (228.3)		0	0
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		14,410,802	0
34	Asset Retirement Obligations (230)		3,956,587	3,942,606
35	Total Other Noncurrent Liabilities (lines 26 through 34)		25,120,335	10,047,606
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		131,128,428	124,473,688
39	Notes Payable to Associated Companies (233)		168,950,000	21,250,000
40	Accounts Payable to Associated Companies (234)		8,961,187	8,880,721
41	Customer Deposits (235)		10,405,545	7,996,177
42	Taxes Accrued (236)	262-263	2,231,641	3,692,167
43	Interest Accrued (237)		10,203,261	10,932,480
44	Dividends Declared (238)		27,613	27,613
45	Matured Long-Term Debt (239)		0	0

Name of Respondent The Narragansett Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo, da, yr) / /	Year/Period of Report end of 2011/Q4
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		2,345,907	1,908,087
48	Miscellaneous Current and Accrued Liabilities (242)		47,400,431	63,694,179
49	Obligations Under Capital Leases-Current (243)		0	0
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		37,441,447	33,015,344
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		419,095,460	275,870,456
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		5,687,216	2,598,926
57	Accumulated Deferred Investment Tax Credits (255)	266-267	1,376,903	1,870,382
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	260,098,641	312,102,841
60	Other Regulatory Liabilities (254)	278	42,153,816	60,947,096
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		294,988,715	303,120,233
64	Accum. Deferred Income Taxes-Other (283)		104,745,777	50,676,509
65	Total Deferred Credits (lines 56 through 64)		709,051,068	731,315,987
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		3,157,282,204	2,964,196,220

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

Annual or Quarterly if applicable

5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	1,236,720,621	1,372,797,586		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	942,219,005	1,102,930,786		
5	Maintenance Expenses (402)	320-323	35,938,866	36,289,527		
6	Depreciation Expense (403)	336-337	69,188,234	65,115,189		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337	10,779	11,139		
8	Amort. & Depl. of Utility Plant (404-405)	336-337	2,373,199	2,383,948		
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)		2,842,364	1,993,280		
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	91,386,797	87,907,125		
15	Income Taxes - Federal (409.1)	262-263	-35,239,004	4,049,142		
16	- Other (409.1)	262-263				
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	94,197,497	49,871,701		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	40,749,898	33,331,597		
19	Investment Tax Credit Adj. - Net (411.4)	266	-493,479	-527,196		
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		1,161,674,360	1,316,693,044		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		75,046,261	56,104,542		

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STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.
 10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
 11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
 12. If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
 13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
 14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
 15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
						1
810,697,076	887,203,589	426,023,545	485,593,997			2
						3
595,155,945	683,577,757	347,063,060	419,353,029			4
19,421,209	19,989,863	16,517,657	16,299,664			5
48,425,981	46,389,114	20,762,253	18,726,075			6
2,247	2,304	8,532	8,835			7
		2,373,199	2,383,948			8
						9
						10
						11
924,000		1,918,364	1,993,280			12
						13
66,050,414	63,675,767	25,336,383	24,231,358			14
-17,289,699	21,506,687	-17,949,305	-17,457,545			15
						16
51,007,783	21,073,587	43,189,714	28,798,114			17
16,659,311	23,562,478	24,090,587	9,769,119			18
-493,479	-527,196					19
						20
						21
						22
						23
						24
746,545,090	832,125,405	415,129,270	484,567,639			25
64,151,986	55,078,184	10,894,275	1,026,358			26

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /		Year/Period of Report End of 2011/Q4	
STATEMENT OF INCOME FOR THE YEAR (continued)							
Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)	
			Current Year (c)	Previous Year (d)			
27	Net Utility Operating Income (Carried forward from page 114)		75,046,261	56,104,542			
28	Other Income and Deductions						
29	Other Income						
30	Nonutility Operating Income						
31	Revenues From Merchandising, Jobbing and Contract Work (415)						
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)						
33	Revenues From Nonutility Operations (417)		-27,347	152,472			
34	(Less) Expenses of Nonutility Operations (417.1)		1,397,215	1,756,132			
35	Nonoperating Rental Income (418)		-7,622	-7,622			
36	Equity in Earnings of Subsidiary Companies (418.1)	119					
37	Interest and Dividend Income (419)		2,683,327	4,949,966			
38	Allowance for Other Funds Used During Construction (419.1)		2,057,442	809,798			
39	Miscellaneous Nonoperating Income (421)		88,813	-269,938			
40	Gain on Disposition of Property (421.1)						
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		3,397,398	3,878,544			
42	Other Income Deductions						
43	Loss on Disposition of Property (421.2)						
44	Miscellaneous Amortization (425)						
45	Donations (426.1)		574,738	463,529			
46	Life Insurance (426.2)		156,683	-268,946			
47	Penalties (426.3)		418,995				
48	Exp. for Certain Civic, Political & Related Activities (426.4)		846,702	624,045			
49	Other Deductions (426.5)		-60,694	-976,619			
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		1,936,424	-157,991			
51	Taxes Applic. to Other Income and Deductions						
52	Taxes Other Than Income Taxes (408.2)	262-263	71,658	67,569			
53	Income Taxes-Federal (409.2)	262-263	1,081,335	285,690			
54	Income Taxes-Other (409.2)	262-263		10			
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	-491,452	540,200			
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277					
57	Investment Tax Credit Adj.-Net (411.5)						
58	(Less) Investment Tax Credits (420)						
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		661,541	893,469			
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		799,433	3,143,066			
61	Interest Charges						
62	Interest on Long-Term Debt (427)		33,454,250	28,176,869			
63	Amort. of Debt Disc. and Expense (428)		235,463	171,046			
64	Amortization of Loss on Required Debt (428.1)		583,758	813,551			
65	(Less) Amort. of Premium on Debt-Credit (429)						
66	(Less) Amortization of Gain on Required Debt-Credit (429.1)						
67	Interest on Debt to Assoc. Companies (430)		74,236	135,401			
68	Other Interest Expense (431)		2,491,710	4,496,865			
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		345,835	506,358			
70	Net Interest Charges (Total of lines 62 thru 69)		36,493,582	33,287,374			
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		39,352,112	25,960,234			
72	Extraordinary Items						
73	Extraordinary Income (434)						
74	(Less) Extraordinary Deductions (435)						
75	Net Extraordinary Items (Total of line 73 less line 74)						
76	Income Taxes-Federal and Other (409.3)	262-263					
77	Extraordinary Items After Taxes (line 75 less line 76)						
78	Net Income (Total of line 71 and 77)		39,352,112	25,960,234			

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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STATEMENT OF RETAINED EARNINGS

- Do not report Lines 49-53 on the quarterly version.
- Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
- Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
- State the purpose and amount of each reservation or appropriation of retained earnings.
- List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
- Show dividends for each class and series of capital stock.
- Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
- Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
- If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		32,011,294	326,161,510
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		39,352,112	25,960,234
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24	Dividend on 4.5% Series		-110,451	(110,450)
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)		-110,451	(110,450)
30	Dividends Declared-Common Stock (Account 438)			
31	Dividend paid to Parent			(320,000,000)
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)			(320,000,000)
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		71,252,955	32,011,294
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				

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STATEMENT OF RETAINED EARNINGS

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		71,252,955	32,011,294
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

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STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	39,352,112	25,960,234
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	71,572,212	67,510,276
5	Amortization of Regulatory Debits	2,842,364	1,993,280
6	Amortization of Loss on Reacquired Debt	583,758	813,551
7	Amortization of Debt Discount and Expense	235,463	171,046
8	Deferred Income Taxes (Net)	52,956,147	17,080,304
9	Investment Tax Credit Adjustment (Net)	-493,479	-527,196
10	Net (Increase) Decrease in Receivables	60,913,167	-8,641,248
11	Net (Increase) Decrease in Inventory	-1,338,142	4,032,247
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	-18,091,171	35,749,366
14	Net (Increase) Decrease in Other Regulatory Assets	-11,250,914	16,639,336
15	Net Increase (Decrease) in Other Regulatory Liabilities	-17,261,020	-16,352,620
16	(Less) Allowance for Other Funds Used During Construction	2,057,442	809,798
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	11,165,314	12,660,133
19	Treasury lock settlement		-10,213,043
20	Prepaid and o ther current assets	-47,868,717	85,541,310
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	141,259,652	231,607,178
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-282,905,595	-181,333,977
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant	5,545	7,622
30	(Less) Allowance for Other Funds Used During Construction	-2,057,442	-809,798
31	Other (provide details in footnote):		
32	Utility Plant Retirement Costs	-13,938,576	-15,565,424
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-294,781,184	-196,081,981
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
STATEMENT OF CASH FLOWS				
<p>(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.</p> <p>(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.</p> <p>(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.</p> <p>(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.</p>				
Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)	
46	Loans Made or Purchased			
47	Collections on Loans			
48				
49	Net (Increase) Decrease in Receivables			
50	Net (Increase) Decrease in Inventory			
51	Net (Increase) Decrease in Allowances Held for Speculation			
52	Net Increase (Decrease) in Payables and Accrued Expenses			
53	Other (provide details in footnote):	151,878	-326,824	
54	Special Deposits	4,250,798	-12,263,685	
55				
56	Net Cash Provided by (Used in) Investing Activities			
57	Total of lines 34 thru 55)	-290,378,508	-208,672,490	
58				
59	Cash Flows from Financing Activities:			
60	Proceeds from Issuance of:			
61	Long-Term Debt (b)		550,000,000	
62	Preferred Stock			
63	Common Stock			
64	Other (provide details in footnote):			
65	Debt issuance costs		-3,658,384	
66	Net Increase in Short-Term Debt (c)	147,700,000		
67	Other (provide details in footnote):			
68				
69				
70	Cash Provided by Outside Sources (Total 61 thru 69)	147,700,000	546,341,616	
71				
72	Payments for Retirement of:			
73	Long-term Debt (b)	-1,375,000	-1,375,000	
74	Preferred Stock			
75	Common Stock			
76	Other (provide details in footnote):			
77				
78	Net Decrease in Short-Term Debt (c)		-248,700,000	
79				
80	Dividends on Preferred Stock	-110,451	-110,450	
81	Dividends on Common Stock		-320,000,000	
82	Net Cash Provided by (Used in) Financing Activities			
83	(Total of lines 70 thru 81)	146,214,549	-23,843,834	
84				
85	Net Increase (Decrease) in Cash and Cash Equivalents			
86	(Total of lines 22,57 and 83)	-2,904,307	-909,146	
87				
88	Cash and Cash Equivalents at Beginning of Period	7,957,277	8,866,423	
89				
90	Cash and Cash Equivalents at End of period	5,052,970	7,957,277	

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FOOTNOTE DATA			

Schedule Page: 120 Line No.: 18 Column: b

Change in Other Operating Activities:	
Changes in other deferred credits	\$ (2,146,077)
Changes in clearing accounts	(648,624)
Changes in miscellaneous and deferred debits	1,008,292
Changes in accumulated deferred income taxes	12,210,612
Changes in accumulated other comprehensive income	340,539
Changes in accumulated provision for injuries and damages	647,946
Changes in asset retirement obligation	13,981
Change in derivatives	(261,355)
Total	\$ 11,165,314

Schedule Page: 120 Line No.: 18 Column: c

Change in Other Operating Activities:	
Changes in other deferred credits	\$ 6,359,788
Changes in clearing accounts	981,717
Changes in miscellaneous and deferred debits	1,222,623
Changes in accumulated deferred income taxes	(1,256,498)
Changes in accumulated other comprehensive income	4,257,116
Changes in accumulated provision for injuries and damages	685,000
Changes in asset retirement obligation	368,056
Change in derivatives	42,331
Total	\$ 12,660,133

Schedule Page: 120 Line No.: 53 Column: b

Changes in Other Investing Activities:	
Changes in other investments	\$ (151,052)
Changes in other special funds	302,930
Total	\$ 151,878

Schedule Page: 120 Line No.: 53 Column: c

Changes in Other Investing Activities:	
Changes in other investments	\$ (49,983)
Changes in other special funds	(276,841)
Total	\$ (326,824)

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report / /	Year/Period of Report End of 2011/Q4
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NOTES TO FINANCIAL STATEMENTS

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK
 SEE PAGE 123 FOR REQUIRED INFORMATION.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Note 1. Summary of Significant Accounting Policies

A. Nature of Operations

The Narragansett Electric Company (the "Company," "we," "us," and "our") is a retail distribution company providing electric service to approximately 489,000 customers and gas service to approximately 249,000 customers in 38 cities and towns in Rhode Island. The Company's service area covers approximately 99% of Rhode Island.

The Company is a wholly-owned subsidiary of National Grid USA ("NGUSA"), a public utility holding company with regulated subsidiaries engaged in the generation of electricity and the transmission, distribution and sale of both natural gas and electricity. NGUSA is an indirectly-owned subsidiary of National Grid plc, a public limited company incorporated under the laws of England and Wales.

The Company has evaluated subsequent events and transactions through April 16, 2016, and concluded that there were no events or transactions that require adjustment to, or disclosure in the notes to, the financial statements.

B. Basis of Presentation

The financial statements are prepared in accordance with accounting requirements of the Federal Energy Regulatory Commission ("FERC") as set forth in its applicable Uniform System of Accounts. This is a comprehensive basis for accounting other than accounting principles generally accepted in the United States ("GAAP"). The significant differences consist of the following:

- for FERC reporting, deferred tax assets and liabilities are presented on a gross basis and are classified as non-current. For GAAP reporting, deferred tax assets and liabilities are presented on a net basis, with current and non-current amounts segregated.
- for FERC reporting, regulatory assets and liabilities are classified as non-current. For GAAP reporting, regulatory assets and liabilities are segregated between current and non-current classifications.
- for FERC reporting, the liability for uncertain tax positions related to temporary differences is not recognized pursuant to FERC guidance and deferred taxes are recognized based on the difference between positions taken in filed tax returns and amounts reported in the financial statements. For GAAP reporting, the liability for uncertain tax positions related to temporary differences is recognized and deferred taxes are recognized based on the difference between the positions taken in filed tax returns adjusted for uncertain tax positions related to temporary differences and amounts reported in the financial statements.
- the accumulated reserve for depreciation for estimated removal costs is included in the accumulated provision for depreciation for FERC reporting and as a regulatory liability or asset retirement obligation for GAAP reporting.
- current and long-term debt is classified in the balance sheet as all long-term debt in accordance with regulatory treatment, while GAAP presentation reflects current and long-term debt separately.
- the intercompany accounts are not netted for FERC reporting but are netted together for GAAP reporting.

The preparation of financial statements in conformity with FERC requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

C. Regulatory Accounting

The FERC, the Rhode Island Public Utilities Commission ("RIPUC") and the Rhode Island Division of Public Utilities and Carriers ("Division") provide the final determination of the rates the Company charges its customers. In certain cases, the actions of the FERC and RIPUC to determine the rates the Company charges its customers would result in an accounting treatment different from that used by non-regulated companies. In these cases, the Company would be required to recognize costs (regulatory assets) or to recognize obligations (regulatory liabilities) if it is probable that these amounts will be recovered or refunded through the rate-making process, which would result in a corresponding increase or decrease in future rates.

In the event the Company determines that its net regulatory assets are not probable of recovery, it would no longer apply the principles of the current accounting guidance for rate-regulated enterprises and would be required to record an after-tax, non-cash charge against income for any remaining regulatory assets and liabilities. The impact could be material to the Company's reported financial condition

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NOTES TO FINANCIAL STATEMENTS (Continued)			

and results of operations.

D. Revenue Recognition

The Company bills its customers on a monthly cycle basis at approved tariffs based on energy delivered, a minimum customer service charge, and, in some instances, their demand on the electric system. Revenues are determined based on these bills plus an estimate for unbilled energy delivered between the cycle meter read date and the end of the accounting period. These amounts are billed to customers in the next billing cycle following the December month end.

As approved by the RIPUC, the Company is allowed to pass through for recovery commodity-related costs. Furthermore, the Company's revenue decoupling mechanism allows for annual adjustments to the Company's distribution rates as a result of the reconciliation between allowed revenue and billed revenue. Any difference between the allowed revenue and the billed revenue is recorded as a regulatory asset or liability. The Company defers for future recovery from or refund to electric and gas customers the difference between revenue and expenses from energy conservation programs, standard offer service, transmission service, and contract termination charges.

The gas distribution business is influenced by seasonal weather conditions and therefore the Company's gas utility tariff contains a weather normalization adjustment that provides for recovery from, or refund to, firm customers of material shortfalls or excesses of firm delivery revenues.

Annual revenues are principally realized during the heating season (November through April) as a result of the large proportion of heating sales in these months. Accordingly, results of operations are most favorable in the first calendar quarter of the year, followed by the fourth calendar quarter. Operating losses are generally incurred in the second and third calendar quarters.

The Company's revenue from the sale and delivery of electricity and gas are derived as follows:

	Electric		Gas	
	December 31,		December 31,	
	2011	2010	2011	2010
Residential	54%	56%	70%	70%
Commercial	39%	38%	26%	26%
Industrial	7%	6%	4%	4%

E. Utility Plant

Utility plant is stated at original cost. The cost of additions to utility plant and replacements of retired units of property are capitalized. Costs include direct material, labor, overhead, and allowance for funds used during construction ("AFUDC"). The cost of renewals and betterments that extend the useful life of utility plant are also capitalized. The cost of repairs, replacements, and major maintenance projects, which do not extend the useful life or increase the expected output of the asset, are expensed as incurred. Whenever utility plant is retired, its original cost, together with the cost of removal, less salvage, is charged to accumulated depreciation. Depreciation is generally computed over the estimated useful life of the asset using the composite straight-line method. Depreciation studies are conducted periodically to update the composite rates and are approved by the state regulatory bodies.

The composite rates and weighted average life for the years ended December 31, 2011 and December 31, 2010 are as follows:

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NOTES TO FINANCIAL STATEMENTS (Continued)			

	<u>Electric</u>		<u>Gas</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Composite rates	2.4%	2.5%	2.1%	2.1%
Weighted average life	42	41	47	48

In accordance with applicable regulatory accounting guidance, the Company records AFUDC, which represents the estimated debt and equity costs of capital funds necessary to finance the construction of new regulated facilities. Both the debt and equity components of AFUDC are non-cash amounts within the statements of income. AFUDC is capitalized as a component of the cost of utility plant, with an offsetting credit to other income for the equity component and other interest for the debt component in the accompanying statements of income. After construction is completed, the Company is permitted to recover these costs through inclusion in the rate base and the corresponding depreciation expense. The debt component of AFUDC capitalized during the years ended December 31, 2011 and December 31, 2010 was \$0.3 million and \$0.5 million, respectively, and the equity component of AFUDC capitalized during the years ended December 31, 2011 and December 31, 2010 was \$2.1 million and \$0.8 million, respectively.

Goodwill

Goodwill, which is included under the utility plant in the accompanying balance sheets, represents the excess of the purchase price of a business combination over the fair value of tangible and intangible assets acquired, net of the fair value of liabilities assumed and the fair value of any non-controlling interest in the acquisition. The Company tests goodwill for impairment on an annual basis and, on an interim basis, when certain events or circumstances exist.

The goodwill impairment analysis is comprised of two steps. In the first step, the Company compares the fair value of each reporting unit to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not considered impaired and no further analysis is required to be performed. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value, then a second step is performed to determine the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then an impairment charge equal to the difference is recorded.

For the purpose of first step analysis, determination of reporting unit's fair value is typically based on combination of an income-based approach using projected discounted cash flows and a market-based approach using valuation multiples of comparable companies to determine fair value. The resulting fair value of the annual analyses determined that no adjustment of the goodwill carrying value was required for our continuing operations at December 31, 2011 and December 31, 2010.

F. Cash and Cash Equivalents

The Company classifies short-term investments that are highly liquid and have maturities of three months or less at the date of purchase as cash equivalents. These short-term investments are carried at cost which approximates fair value.

G. Special Deposits

Special deposits represent restricted cash, which consists primarily of collateral paid to our counterparties for the outstanding derivative contracts. Deposits are also recorded for property, health insurance, and worker's compensation. At December 31, 2011 and December 31, 2010, \$20 million was required by the Independent System Operator for New England ("ISO-NE") to be on deposit.

H. Income and Other Taxes

Income taxes have been computed utilizing the asset and liability approach that requires the recognition of deferred tax assets and liabilities for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Deferred income taxes reflect the tax effect of net operating losses, capital losses and general business credit carryforwards, and the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes, as determined under enacted tax laws and rates. The financial effect of changes in tax laws or rates is accounted for in the period of enactment. Deferred investment tax credits are amortized over the useful life of the underlying property.

Other taxes primarily include excise tax, property tax, and payroll tax. The Company reports its collections and payments of excise taxes on a gross basis. Gas distribution and electric revenues include the collection of excise taxes, while operating taxes include the related expense. Excise taxes collected and paid for the years ended December 31, 2011 and December 31, 2010 were \$42 million and \$45.4 million, respectively.

I. Comprehensive Income (Loss)

Comprehensive income (loss) is the change in the equity of a company, not including those changes that result from shareholder transactions. While the primary component of comprehensive income (loss) is reported net income or loss, the other component includes unrealized gains and losses associated with certain investments held as available for sale, deferred gains and losses on derivative contracts associated with hedging activities, and deferred pension and post-retirement plans benefit.

J. Derivatives

We employ derivative instruments to hedge a portion of our exposure to commodity price risk. Whenever hedge positions are in effect, we are exposed to credit risks in the event of non-performance by counterparties to derivative contracts, as well as non-performance by the counterparties of the transactions against which they are hedged. We believe the credit risk related to derivative instruments is no greater than that associated with the primary commodity contracts that they hedge.

Commodity Derivative Instruments – Regulated Accounting

We use derivative instruments to reduce cash flow variability associated with the purchase price for a portion of future natural gas purchases associated with our gas operations. Our strategy is to minimize fluctuations in firm gas sales prices to our regulated customers. The accounting for these derivative instruments is subject to the current accounting guidance for rate-regulated enterprises. Therefore, the fair value of these derivatives is recorded as current or deferred assets and liabilities, with offsetting positions recorded as regulatory assets and regulatory liabilities in the accompanying balance sheets. Gains or losses on the settlement of these contracts are initially deferred and then refunded to or collected from our firm gas sales customers consistent with regulatory requirements.

Certain of our contracts for the physical purchase of natural gas and certain power supply contracts were assessed as no longer being exempt as normal purchases. As such, these contracts are recorded in the accompanying balance sheets at fair market value. However, since such contracts were executed for regulated utility customers, and pursuant to the requirements for rate-regulated enterprises, changes in the fair market value of these contracts are recorded as a regulatory asset or regulatory liability in the accompanying balance sheets.

K. Employee Benefits

The Company follows the provisions of the Financial Accounting Standards Board (“FASB”) accounting guidance related to the accounting for defined benefit pension and postretirement plans which requires employers to fully recognize all postretirement plans’ funded status on the balance sheet as a net liability or asset and requires an offsetting adjustment to accumulated other comprehensive income in shareholder’s equity upon implementation or, in the case of regulated enterprises, to regulatory assets or liabilities. Consistent with past practice, and as required by the guidance, the Company values its pension and postretirement benefits other than pensions (“PBOP”) assets using the year-end market value of those assets. Benefit obligations are also measured at year-end.

L. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following is the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that a company has the ability to access as of the reporting date;

Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data; and

Level 3 — unobservable inputs, such as internally-developed forward curves and pricing models for the asset or liability due to little or no market activity for the asset or liability with low correlation to observable market inputs.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

M. Gas in Storage and Materials

Gas in storage and materials are stated at the lower of cost or market value with cost determined on an average weighted cost basis and is expensed when delivered to customers as gas purchased for resale. Materials and supplies are expensed as used or capitalized into specific capital additions as utilized. The Company's policy is to write off obsolete inventory.

Existing rate orders allow the Company to pass through the cost of gas purchased for resale directly to the rate payers along with any applicable authorized delivery surcharge adjustments. Accordingly, the value of gas in storage does not fall below the cost to the Company. Gas costs passed through to the rate payers are subject to periodic regulatory approval and are reported periodically to the RIPUC.

N. Recent Accounting Pronouncements

Fair Value Measurements

In April 2011, the FASB issued accounting guidance that substantially amended existing guidance with respect to the fair value measurement topic ("the Topic"). The guidance seeks to amend the Topic in order to achieve common fair value measurement and disclosure requirements in GAAP and International Financial Reporting Standards. Consequently, the guidance changes the wording used to describe many of the requirements in GAAP for measuring fair value and for disclosing information about fair value measurements as well as changing specific applications of the Topic. Some of the amendments clarify the FASB's intent about the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements including, but not limited to, fair value measurement of a portfolio of financial instruments, fair value measurement of premiums and discounts, and additional disclosures about fair value measurements. This guidance is effective for financial statements issued for annual periods beginning after December 15, 2011. The early adoption of this guidance for non-public companies is permitted but only for interim periods beginning after December 15, 2011. The Company is currently determining the potential impact of the guidance on its financial position, results of operations, and cash flows.

Goodwill Impairment

In September 2011, the FASB issued accounting guidance related to goodwill impairment testing whereby, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. Otherwise, the entity is required to perform the two-step impairment test. This guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. The Company does not expect adoption of this guidance to have an impact on the Company's financial position, results of operations, or cash flows.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Offsetting Assets and Liabilities

In December 2011, the FASB issued accounting guidance requiring enhanced disclosure related to offsetting assets and liabilities. Under the amendments in this Update, entities will be required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting agreement. This scope would include items such as derivatives. This guidance is effective for fiscal years, and interim periods within that year, beginning after January 1, 2013, and is to be applied retrospectively. As this guidance relates to disclosure only, the adoption of this guidance will not have an impact on the Company's financial position, results of operations, or cash flows.

O. Reclassifications

Certain prior period data in the cash flow statement has been reclassified between operating, investing and financing activities to conform with the current presentation. These reclassifications had no effect on the results of operations and the statement of financial condition.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

Note 2. Rates and Regulatory

The following table presents the Company's regulatory assets and regulatory liabilities at December 31, 2011 and December 31 2010:

	December 31,	
	2011	2010
<i>(in thousands of dollars)</i>		
<i>Other regulatory assets:</i>		
Regulatory deferred tax asset - FAS 109	\$ 13,396	\$ 14,893
Environmental response fund	129,800	118,337
2003 voluntary early retirement offer deferral	5,022	7,533
Postretirement benefits	70,343	91,906
Gas future - gas supply	61,238	49,919
Narragansett Gas & KeySpan cost to achieve	6,548	8,170
Other	<u>8,169</u>	<u>7,355</u>
Total other regulatory assets	<u>\$ 294,516</u>	<u>\$ 298,113</u>
<i>Other regulatory liabilities:</i>		
Regulatory deferred tax liabilities - FAS 109	\$ 1,845	\$ 2,124
Revaluation - Pension and PBOP	26,854	28,723
Environmental response costs	8,615	9,965
Storm cost reserves	(10,413)	21,933
Deferred gas cost	12,775	-
Gas futures - gas supply	277	1,810
Other	<u>2,201</u>	<u>(3,608)</u>
Total other regulatory liabilities	<u>\$ 42,154</u>	<u>\$ 60,947</u>

The regulatory items above are not included in the utility rate base at the time the expense is incurred or the revenue is billed. The Company records carrying charges, as appropriate, on the regulatory items for which cash expenditures have been made and are subject to recovery or for which cash has been collected and is subject to refund. Carrying charges are not recorded on items for which expenditures have not yet been made. The Company anticipates recovering these costs in the rates concurrently with future cash expenditures. If recovery is not concurrent with the cash expenditures, the Company will record the appropriate level of carrying charges.

Rate Matters

In June 2009, the Company filed an application to increase electric base distribution rates. In February 2010, the RIPUC approved an increase in base distribution revenue of approximately \$23.5 million based upon a 9.8% rate of return on equity ("ROE") and a 42.75% equity ratio. The Company's new rates went into effect on March 1, 2010 retroactive to January 1, 2010. The RIPUC approved recovery of the increase in revenue generated by the new rates for January and February 2010 over a 13 month period. On April 21, 2010 the Company filed a petition for writ of certiorari with the Rhode Island Supreme Court appealing certain elements of the RIPUC's decision. On January 23, 2012, the Rhode Island Supreme Court vacated and remanded the RIPUC's determination of the Company's rate-making capital structure for further hearings. On March 2, 2012, the Company and the Division filed a settlement agreement with the RIPUC recommending a capital structure that would result in an increase in the Company's annual revenue requirement of approximately \$3.2 million, effective April 23, 2012. RIPUC is expected to rule on this settlement agreement in April 2012.

During May 2010, Rhode Island enacted decoupling legislation that provides for the annual reconciliation of the revenue requirement allowed in the Company's base distribution rate case to actual revenue billed by the electric and gas business. The Company filed a proposal to implement revenue decoupling for both electric and gas in October 2010. At an open meeting held on July 26, 2011, the

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RIPUC approved both the electric and gas decoupling mechanisms, effective retroactively to April 1, 2011. The new law also provides for submission and approval of an annual infrastructure spending plan without having to file a full general rate case. In December 2011, the Company filed its fiscal year 2013 gas and electric annual infrastructure spending plans requesting a revenue requirement increase of approximately \$4.5 million for the electric business and \$7.2 million for the gas business. On March 2, 2012, the RIPUC approved the fiscal year 2013 gas plan for effect April 1, 2012. The RIPUC has scheduled a March 23, 2012, hearing regarding the fiscal year 2013 electric plan and approved the proposal on March 29, 2012 for rates effective April 1, 2012.

The Company's affiliate, New England Power ("NEP") operates the transmission facilities of its New England affiliates as a single integrated system and reimburses the Company for the cost of its transmission facilities in Rhode Island, including a return on those facilities, under NEP's Tariff No. 1. In turn, these costs are allocated among transmission customers in New England in accordance with the ISO New England transmission tariff. Effective June 1, 2007, the FERC approved amendments to Tariff No. 1 whereby the Company is compensated for its actual monthly transmission costs with its authorized ROE ranging from 11.14% to 12.64%. In December 2009, NEP filed with the FERC a proposed amendment to the Tariff No. 1 formula rate revenue requirements which decreased the Company's compensation for its electric transmission facilities by approximately \$0.1 million. In March 2010, the FERC issued an order establishing hearing and settlement procedures for this filing and made the new rates effective January 1, 2010. In March 2011, NEP filed an uncontested settlement agreement with the FERC resolving all issues raised by the Massachusetts Attorney General in this proceeding. On July 8, 2011, the FERC accepted the settlement without modification.

In September 2008, the Company, NEP, and Northeast Utilities jointly filed an application with the FERC to recover financial incentives for the New England East-West Solution ("NEEWS"), pursuant to the FERC's Transmission Pricing Policy Order, Order No. 679. NEEWS, consists of a series of inter-related transmission upgrades identified in the New England Regional System Plan and is being undertaken to address a number of reliability problems in the tri-state area of Connecticut, Massachusetts, and Rhode Island. The Company's share of the NEEWS-related transmission investment is approximately \$575 million and NEP's share is approximately \$200 million. The Company is fully reimbursed for its transmission revenue requirements on a monthly basis by NEP through NEP's Tariff No. 1. Effective as of November 18, 2008, the FERC granted for NEEWS (1) an incentive ROE of 12.89% (125 basis points above the approved base ROE of 11.64%), (2) 100% construction work in progress ("CWIP") in rate base and (3) recovery of plant abandoned for reasons beyond the companies' control. Parties opposing the NEEWS incentives sought rehearing of the FERC order. On June 28, 2011, the FERC denied all requests for rehearing.

As a condition of the FERC's approval, the FERC directed the Company to provide footnote disclosures in the notes to its financial statements which (1) fully explain the impact of CWIP in rate base; (2) include details of allowance for fund used during construction ("AFUDC") not capitalized because of CWIP in rate base for the current year, the previous two years, and the sum of all years; and (3) include a partial balance sheets consisting of the assets and other debits section of the balance sheets to include the amounts of AFUDC not capitalized because of the inclusion of CWIP in rate base. At December 31, 2011, the Company had total net electric utility plant assets on its balance sheets of \$1.2 billion including \$228.3 million of CWIP. At December 31, 2011 and December 31, 2010, the Companies NEEWS-related CWIP and in-service investment totaled \$263.1 million and \$101.4 million respectively.

<i>(in millions)</i>	Current Year to Date (January 11 - December 11)	Previous Two Years (January 09 - December 10)	Sum of All Years November 08 - December 11
Average Monthly NEEWS CWIP Balance	\$136.704	\$23.112	\$58.186
Estimated Annual AFUDC Rate	7.08%	3.78%	6.22%
Avoided AFUDC	\$9.679	\$1.747	\$11.465
Return	\$15.519	\$6.180	\$21.809

On September 30, 2011, several state and municipal parties in New England, including the Massachusetts Attorney General's Office, the Connecticut Public Utilities Regulatory Authority and the Massachusetts Department of Public Utilities, filed with the FERC a complaint under Section 206 of the Federal Power Act against certain Transmission Owners to lower the base ROE for transmission rates in New England from the FERC approved rate of 11.14% to 9.2%. At this time, the Company cannot predict the outcome of the complaint.

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In August 2011, the Company made its annual Distribution Adjustment Charge (“DAC”) filing for its gas business. The DAC was established to provide for the recovery and reconciliation of the costs of identifiable special programs, as well as to facilitate the timely revenue recognition of incentive provisions. The prior DAC rate recovered approximately \$3.2 million from customers. The proposed DAC rate would result in recovery of approximately \$2.2 million from customers for the period November 2011 through October 2012. On October 26, 2011, the Commission approved the proposed DAC rate for effect November 1, 2011.

The Company is allowed recovery of all of its electric and gas commodity costs through a fully reconciling rate recovery mechanism. In addition, the Company is allowed to recover from its electric customers all of its electric transmission costs and costs charged by the Company’s affiliate NEP, for stranded costs associated with NEP’s former electric generation investments.

Energy Efficiency

In 2009, Rhode Island passed a law promoting the development of renewable energy resources through long-term contracts for the purchase of capacity, energy, and attributes. In March 2010, the Company filed its proposed timetable and method of execution of annual long-term contract solicitations, which was approved by RIPUC in June 2010, with some modifications. The law also required the Company to negotiate a contract for an electric generating project fueled by landfill gas from the Rhode Island Central Landfill. The project, referred to as the Town of Johnston Project, is a combined cycle power plant with an average output of 32 megawatts (“MW”) for which the Company entered into a contract with Rhode Island LFG Genco, LLC in June 2010. The Division issued a certification on July 1, 2010, and filed the contract with the RIPUC in July 2010.

The 2009 legislation also required the Company to solicit proposals for a small scale renewable energy generation project of up to eight wind turbines with an aggregate nameplate capacity of up to 30 MW to benefit the Town of New Shoreham that also includes a transmission cable to be constructed between Block Island and the mainland of Rhode Island. In October 2009, the Company entered into a 20 year Power Purchase Agreement (“PPA”) with Deepwater Wind Block Island LLC (“Deepwater”) and in December 2009, the Company filed the PPA with the RIPUC. In March 2010, the RIPUC voted to reject the PPA due to pricing issues. As a result, the legislature amended the law to specifically authorize the Company to enter into an amended PPA with Deepwater, to establish a new standard of review, and to provide for a reduction in the initial fixed price under the prior PPA if certain cost savings could be achieved. In August 2010, the RIPUC approved the amended PPA. Certain parties appealed the RIPUC’s decision and on July 1, 2011, the Rhode Island Supreme Court issued its decision upholding the RIPUC’s approval of the PPA with Deepwater. On September 29, 2011, the Company filed with the RIPUC for approval of a waiver of the one-year termination provision regarding appeals resolution contained in the PPA. On November 29, 2011, the RIPUC voted to approve that waiver.

On July 28, 2011, the RIPUC unanimously approved a 15 year PPA with Orbit Energy Rhode Island, LLC for a 3.2 MW anaerobic digester biogas project. This is the first PPA that the Company submitted to the RIPUC for review as a result of the Company’s annual solicitation process that was approved by the RIPUC on March 1, 2010. Following the Company’s second annual solicitation, the Company executed a 15 year PPA with Black Bear Development Holdings, LLC on February 17, 2012, for a 3.9 MW run-of-river hydroelectric plant located in Orono, Maine, which will be submitted to the RIPUC for review and approval.

In June 2011, Rhode Island established a 10% carve out to the 90 MW of long-term contracting requirement for renewable energy to be used for long-term contracts for smaller Distributed Generation (“DG”) projects over a four year period from 2011 through 2014. In December 2011, the Company conducted the first enrollment under these new provisions and entered into standard contracts for 5 MW of nameplate capacity.

The Rhode Island long-term contracting and DG contracting legislation permits the Company to recover all costs incurred under such contracts and permits the Company to recover remuneration equal to 2.75% of the actual annual payments made under the long-term contracts for those projects that are commercially operating.

On September 7, 2011, the Company filed its second three-year Energy Efficiency (“EE”) plan under the least cost procurement legislation, as amended, with the RIPUC for 2012-2014 program years. The three-year plan provides the framework for the detailed annual EE plans and System Reliability Plans. On December 22, 2011, the RIPUC approved the three-year plan.

On December 21, 2011, the RIPUC approved the annual EE plan for the calendar year 2012, which includes a portfolio of electric and gas energy efficiency programs along with the associated budgets and electric and gas EE program charges for effect January 1, 2012.

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The calendar year 2012 electric and gas EE programs contain spending budgets of approximately \$61.4 million and \$13.7 million, respectively, which are to be collected through the approved EE program charges.

Other Regulatory Matters

In June 2009, the Company filed an initial application seeking authorization to issue and sell one or more series of new long-term debt. In December 2009, the Division approved a settlement with NGUSA authorizing an issuance of \$550 million in new long-term debt by March 2010. The Company issued this debt on March 22, 2010, in two tranches. In March 2011, the Company notified the Division of its intent to seek permission for an additional issuance in an amount of \$290 million.

In November 2008, FERC commenced an audit of NGUSA, including its service companies and other affiliates in the National Grid holding company system. The audit evaluated our compliance with: 1) cross-subsidization restrictions on affiliate transactions; 2) accounting, recordkeeping and reporting requirements; 3) preservation of records requirements for holding companies and service companies; and 4) Uniform System of Accounts for centralized service companies. The final audit report from the FERC was received in February 2011. In April 2011, NGUSA replied to the FERC and outlined its plan to address the findings in the report, which we are currently in the process of implementing. None of the findings had a material impact on the financial statements of the Company.

Note 3. Employee Benefits

The Company participates with certain other NGUSA subsidiaries in non-contributory defined benefit plans ("Pension Plans") and the PBOPs (together with the Pension Plans the "Plans"). The Pension Plans are comprised of both qualified and non-qualified plans. The qualified pension plans provide substantially all employees hired before January 1, 2011 with a retirement benefit. The non-qualified pension plans provide additional defined pension benefits to certain eligible executives. PBOPs provide health care and life insurance coverage to eligible retired employees. Eligibility is based on age and length of service requirements and in most cases, retirees must contribute to the cost of their coverage.

The Plan assets are commingled and cannot be allocated to an individual company. The Plans' costs are allocated to the Company. The Company is subject to certain deferral accounting requirements mandated by the RIPUC for pension and PBOP expense. Any variation between actual costs and amounts used to establish rates are deferred as a regulatory asset or a regulatory liability and collected from or refunded to customers in subsequent periods. Any deferral is recorded as either a regulatory asset or regulatory liability in the accompanying balance sheets.

At December 31, 2011 and December 31, 2010, the pension plans of NGUSA have a net underfunded obligation of \$339.1 million and \$377.7 million, respectively. The PBOP plans of NGUSA have a net underfunded obligation of \$340.8 million and \$429.1 million as of December 31, 2011 and December 31, 2010, respectively.

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The pension and PBOP expenses directly charged and allocated from the service company, net of capital, for the years ended December 31, 2011 and December 31, 2010 are as follows:

	December 31,	
	<u>2011</u>	<u>2010</u>
	<i>(in thousands of dollars)</i>	
Pension	\$ 16,467	\$ 14,796
PBOP	14,294	14,830
	<u>\$ 30,761</u>	<u>\$ 29,626</u>

Defined Contribution Plan

The Company has a defined contribution pension plan (employee savings fund plan) that covers substantially all employees. Employer matching contributions of approximately \$2.3 million and \$2.4 million was expensed for the years ended December 31, 2011 and December 31, 2010, respectively.

Note 4. Utility Plant

At December 31, 2011 and December 31, 2010, utility plant, at cost, and accumulated depreciation and amortization are as follows:

	December 31,	
	<u>2011</u>	<u>2010</u>
	<i>(in thousands of dollars)</i>	
Plant and machinery	\$ 2,169,677	\$ 2,069,756
Goodwill	751,164	751,164
Land and buildings	84,471	95,596
Assets in construction	294,928	111,111
Software and othe intangibles	28,692	28,534
Total	<u>3,328,932</u>	3,056,161
Accumulated depreciation and amortization	<u>(975,350)</u>	<u>(942,187)</u>
Utility plant, net	<u>\$ 2,353,582</u>	<u>\$ 2,113,974</u>

Note 5. Income Taxes

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The components of federal income tax expenses (benefits) are as of follows:

	Years Ended December 31,	
	<u>2011</u>	<u>2010</u>
	<i>(in thousands of dollars)</i>	
Current federal tax (benefit) expense:	\$ (34,158)	\$ 4,335
Deferred federal tax expense:	52,956	17,080
Amortized investment tax credits, net ⁽¹⁾	(493)	(527)
Total income tax expense	<u>\$ 18,305</u>	<u>\$ 20,888</u>

(1) Investment tax credits ("ITC") are being deferred and amortized over the depreciable life of the property giving rise to the credits.

Total income taxes in the statements of operations:

Income taxes charged to operations	\$ 17,715	\$ 20,062
Income taxes credited to other income (deductions)	<u>590</u>	<u>826</u>
Total	<u>\$ 18,305</u>	<u>\$ 20,888</u>

Reconciliation between the expected federal income tax expense, using the federal statutory rate of 35%, to the Company's actual income tax expense for the years ended December 31, 2011 and December 31, 2010 is as follows:

	Years Ended December 31,	
	<u>2011</u>	<u>2010</u>
	<i>(in thousands of dollars)</i>	
Computed tax	\$ 20,180	\$ 16,397
Change in computed taxes resulting from:		
Audit and related reserve movements	(1,397)	(699)
Rate recovery of deficiency in deferred tax reserves	1,300	-
Allowance for equity funds used during construction	(720)	(283)
Investment tax credit	(493)	(527)
Intercompany tax allocation	-	(2,000)
Medicare subsidy, including the Patient Protection and Affordable Care Act effect, net	-	7,350
Other items - net	<u>(565)</u>	<u>650</u>
Total	<u>(1,875)</u>	<u>4,491</u>
Federal income taxes	<u>\$ 18,305</u>	<u>\$ 20,888</u>

Significant components of the Company's net deferred tax assets and liabilities at December 31, 2011 and December 31, 2010 are as

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follows:

	December 31,	
	<u>2011</u>	<u>2010</u>
	<i>(in thousands of dollars)</i>	
Deferred tax assets:		
Pensions, PBOP and other employee benefits	\$ 43,714	\$ 70,797
Reserve - environmental	43,347	41,437
Net operating losses	23,990	24,002
Other items	13,982	8,026
Total deferred tax assets ⁽¹⁾	<u>125,033</u>	<u>144,262</u>
Deferred tax liabilities:		
Property related differences	294,989	303,120
Regulatory assets - other	59,489	41,760
Other items	45,256	8,917
Total deferred tax liabilities	<u>399,734</u>	<u>353,797</u>
Net deferred income tax liabilities	<u>\$ 274,701</u>	<u>\$ 209,535</u>
Deferred investment tax credit	<u>\$ 1,377</u>	<u>\$ 1,870</u>

⁽¹⁾There were no valuation allowances for deferred tax assets at December 31, 2011 or December 31, 2010.

The Company is a member of the National Grid Holdings Inc. ("NGHI") and subsidiaries consolidated federal income tax return. The Company has joint and several liabilities for any potential assessments against the consolidated group.

The Company adopted the provisions of FASB guidance which clarifies the accounting for uncertain tax positions as modified by FERC Docket AI07-2-000. FASB guidance provides that the financial effects of a tax position shall initially be recognized when it is more likely than not, based on the technical merits, that the position will be sustained upon examination, assuming the position will be audited and the taxing authority has full knowledge of all relevant information. FERC docket AI07-2-000 issues supplementary guidance requiring entities to continue to recognize deferred income taxes for Commission accounting and reporting purposes based on the difference between positions taken in tax returns filed or expected to be filed and amounts reported in the financial statements.

The following table reconciles the changes to the Company's unrecognized tax benefits for the years ended December 31, 2011 and December 31, 2010:

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	Years Ended December 31,	
	2011	2010
	<i>(in thousands of dollars)</i>	
Beginning balance	\$ 19,013	\$ -
Additions based on tax positions related to the prior years	9,449	15,099
Additions based on tax positions related to the current years	7,810	3,914
	<u>36,272</u>	<u>19,013</u>
Less: unrecognized tax benefits on temporary differences	<u>(36,272)</u>	<u>19,013</u>
Balance at the end of the year	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2011 and December 31, 2010, the Company has accrued for interest related to unrecognized tax benefits of \$0.6 million and \$0.3 million, respectively. During the year ended December 31, 2011, the Company recorded interest expense of \$0.4 million. During the year ended December 31, 2010, the Company recorded interest benefit of \$0.4 million. The Company recognizes accrued interest related to unrecognized tax benefits in interest expense or interest income and related penalties, if applicable, in non-operating expenses. No penalties were recognized during the years ended December 31, 2011 and December 31, 2010.

Federal income tax returns have been examined and all issues have been agreed with the Internal Revenue Service ("IRS") and the NGHI consolidated filing group through March 31, 2004. During the year ended December 31, 2010, the NGHI consolidated group reached an agreement with the IRS that contained a settlement of the majority of the income tax issues related to the years ended March 31, 2005 through March 31, 2007 as well as an acknowledgment that certain discrete items remained disputed.

The Company is in the process of appealing certain disputed issues with the IRS Office of Appeals relating to its tax returns for March 31, 2005 through March 31, 2007. The Company does not anticipate a change in its unrecognized tax positions in the next twelve months as a result of filing the appeals. During the calendar year, the IRS began a new audit examination cycle the covering the fiscal years ended March 31, 2008 and March 31, 2009. The fiscal years ended March 31, 2010 and March 31, 2011 remain subject to examination by the IRS.

Note 6. Derivative Contracts

Physical Derivatives

Current accounting guidance for derivative instruments establishes criteria that must be satisfied in order for option contracts, forward contracts with optionality features, or contracts that combine a forward contract and a purchased option contract to qualify as normal purchase and normal sales. Certain contracts for the physical purchase of natural gas do not qualify for this exception. Because these contracts are for the purchase of natural gas sold to regulated firm gas sales customers, the accounting for these contracts follows the accounting guidance for rate-regulated enterprises. The fair value of these derivatives at December 31, 2011 and December 31, 2010 was a net asset of \$0.1 million and \$0.3 million, respectively.

Financial Derivatives

The Company is exposed to certain risks relating to its ongoing business operations, primarily commodity price risk. Financial and physical forward contracts on gas are entered into to manage this price risk and reduce the cash flow variability associated with the Company's forecasted purchases and sales of natural gas associated with the gas operations. Our strategy is to minimize fluctuations in gas sales prices to our regulated customers. The accounting for these derivative instruments follows the accounting guidance for rate-regulated enterprises. Therefore, the fair value of these derivatives is recorded as current or deferred assets and liabilities, with offsetting positions recorded as regulatory assets or regulatory liabilities in the accompanying balance sheets. As these derivative contracts are eligible for rate regulated accounting treatment, changes in fair value have no income statement impact. Gains or losses upon settlement of these contracts are initially deferred and then refunded to or collected from our firm gas sales customers consistent with regulatory requirements.

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Currently the Company utilizes New York Mercantile Exchange ("NYMEX") and over-the-counter gas swaps and NYMEX gas futures. The fair value of the gas derivative instruments at December 31, 2011 and December 31, 2010 was a net liability of \$51.6 million and \$40.7 million, respectively.

Other Derivative Instruments

Additionally, the Company employs a small number of derivative instruments related to storage optimization. These financial derivative instruments do not qualify for hedge accounting treatment. We use market quoted forward prices to value these contracts. The fair value of these contracts at December 31, 2011 was immaterial. The fair value of these contracts at December 31, 2010 was a net liability of \$0.2 million. We use market quoted forward prices to value these contracts.

The following are commodity volumes in dekatherms ("dths") associated with those derivative contracts as of December 31, 2011 and December 31, 2010:

		<u>December 31,</u>	
		<u>2011</u>	<u>2010</u>
		<i>(in thousands)</i>	
Physicals:	Gas (dths)	3,670	3,848
Financials:	Gas swaps (dths)	12,875	20,430
	Gas Futures (dths)	19,320	14,850
		<u>35,865</u>	<u>39,128</u>

The following table presents the Company's derivative contract assets and (liabilities) on the balance sheets:

		<u>Asset Derivatives</u>				<u>Liability Derivatives</u>	
		<u>December 31,</u>				<u>December 31,</u>	
		<u>2011</u>	<u>2010</u>			<u>2011</u>	<u>2010</u>
		<i>(in thousands of dollars)</i>				<i>(in thousands of dollars)</i>	
Current assets:				Current liabilities:			
Regulated contracts:				Regulated contracts:			
Gas purchase contracts	\$	277	\$ 457	Gas purchase contracts	\$	148	\$ 163
Gas futures contracts		-	233	Gas futures contracts		20,677	8,037
Gas swaps contracts		-	798	Gas swaps contracts		16,542	24,573
Mark-to-Market contracts:				Mark-to-Market contracts:			
Gas purchase contracts		7	-	Gas purchase contracts		42	193
Gas swaps contracts		113	28	Gas swaps contracts		32	49
		<u>397</u>	<u>1,516</u>			<u>37,441</u>	<u>33,015</u>
Deferred assets:				Deferred liabilities:			
Regulated contracts:				Regulated contracts:			
Gas futures contracts	\$	-	\$ 259	Gas futures contracts	\$	9,920	\$ 5,150
Gas swaps contracts		-	63	Gas swaps contracts		4,491	4,299
		<u>-</u>	<u>322</u>			<u>14,411</u>	<u>9,449</u>
Total	\$	<u>397</u>	<u>\$ 1,838</u>	Total	\$	<u>51,852</u>	<u>\$ 42,464</u>

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The following table presents the change in the fair value of the Company's derivative contracts for the twelve months ended December 31, 2011 and December 31, 2010:

	December 31,	
	<u>2011</u>	<u>2010</u>
	<i>(in thousands of dollars)</i>	
Regulated assets:		
Gas purchase contract	\$ (15)	\$ (951)
Gas futures contract	17,410	(10,267)
Gas swaps contract	(7,839)	23,850
	<u>9,556</u>	<u>12,632</u>
Regulated liabilities:		
Gas purchase contract	(180)	(1,917)
Gas futures contract	(492)	140
Gas swaps contract	(861)	406
	<u>(1,533)</u>	<u>(1,371)</u>
Other income (deductions):		
Gas purchase contract	(158)	115
Gas swaps contract	(102)	(73)
	<u>(260)</u>	<u>42</u>
Total net increase in regulatory assets	<u>\$ 10,829</u>	<u>\$ 14,045</u>

Credit and Collateral

Derivative contracts are primarily used to manage exposure to market risk arising from changes in commodity prices and interest rates. In the event of non-performance by a counterparty to a derivative contract, the desired impact may not be achieved. The risk of counterparty non-performance is generally considered a credit risk and is actively managed by assessing each counterparty credit profile and negotiating appropriate levels of collateral and credit support. In instances where the counterparties' credit quality has declined, or credit exposure exceeds certain levels, we may limit our credit exposure by restricting new transactions with counterparties, requiring additional collateral or credit support and negotiating the early termination of certain agreements. As of December 31, 2011 and December 31, 2010, the Company has paid \$32.4 million and \$32 million, respectively, to its counterparties as collateral associated with outstanding derivative contracts. This amount has been recorded as restricted cash, with offsetting positions on the balance sheet.

The aggregate fair value of the Company's derivative instruments with credit-risk-related contingent features that are in a liability position on December 31, 2011, for which the Company does not post any collateral in the normal course of business, is \$ 6.3 million. If the Company's credit rating were to be downgraded by one notch, it would not be required to post any additional collateral. If the Company's credit rating were to be downgraded by three notches, it would be required to post \$6.8 million additional collateral to its counterparties.

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Note 7. Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following is a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

The Company's Level 1 fair value derivative instruments primarily consist of natural gas futures and swaps traded on the NYMEX. There is no liquidity or credit reserve associated with such trades, and no discounting as well.

The Company's Level 2 fair value derivative instruments primarily consist of forward physical gas deals where market data for pricing inputs is observable. Level 2 pricing inputs are obtained from NYMEX and Intercontinental Exchange ("ICE"), except cases when ICE publishes seasonal averages or there were no transactions within the last seven days. During periods prior to December 31, 2010 Level 2 pricing inputs were obtained from NYMEX and Platts M2M (industry standard, non-exchange-based editorial commodity forward curves) when it can be verified by available market data from ICE based on transactions within the last seven days. Level 2 derivative instruments may utilize discounting based on quoted interest rate curve as well as have liquidity reserve calculated based on bid/ask spread. Substantially all of these price curves are observable in the marketplace throughout at least 95% of the remaining contractual quantity, or they could be constructed from market observable curves with correlation coefficients of 0.95 or higher.

Level 3 fair value derivative instruments primarily consist of our gas OTC forwards, options, and physical gas transactions where pricing inputs are unobservable, as well as other complex and structured transactions. Complex or structured transactions can introduce the need for internally-developed models based on reasonable assumptions. Industry-standard valuation techniques, such as Black-Scholes pricing model, Monte Carlo simulation, and Financial Engineering Associates libraries are used for valuing such instruments. The value is categorized as Level 3. Level 3 is also applied in cases when forward curve is internally developed, extrapolated or derived from market observable curve with correlation coefficients less than 0.95, or optionality is present, or non-economical assumptions are made.

The internally developed forward curves have a high level of correlation with Platts M2M curves.

Available for sale securities are primarily equity investments based on quoted market prices and municipal and corporate bonds based on quoted prices of similar traded assets in open markets.

The following table presents assets and liabilities measured and recorded at fair value in the accompanying balance sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2011 and December 31, 2010:

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
	<i>(in thousands of dollars)</i>			
Assets:				
Derivative contracts	\$ -	\$ 120	\$ 277	\$ 397
Available for sale securities	1,596	2,175	-	3,771
Total assets	1,596	2,295	277	4,168
Liabilities:				
Derivative contracts	30,597	21,065	190	51,852
Net (liabilities) assets	\$ (29,001)	\$ (18,770)	\$ 87	\$ (47,684)

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NOTES TO FINANCIAL STATEMENTS (Continued)			

December 31, 2010				
	Level 1	Level 2	Level 3	Total
<i>(in thousands of dollars)</i>				
Assets:				
Derivative contracts	\$ 493	\$ 889	\$ 456	\$ 1,838
Available for sale securities	1,520	1,999	-	3,519
Total assets	2,013	2,888	456	5,357
Liabilities:				
Derivative contracts	13,187	28,921	356	42,464
Net (liabilities) assets	\$ (11,174)	\$ (26,033)	\$ 100	\$ (37,107)

The following table presents the fair value reconciliation of Level 3 assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2011:

<i>(in thousands of dollars)</i>	2011
Balance, beginning of year	\$ 100
Total gains and losses included in regulatory assets and liabilities	(494)
Purchases	34
Settlements:	
included in earnings	246
included in regulatory assets and liabilities	201
Balance, end of year	\$ 87
 The amount of total gains or losses for the period included in net income attributed to the change in unrealized gains or losses related to derivative assets and liabilities at December 31, 2011	 \$ -

A transfer into Level 3 represents existing assets or liabilities that were previously categorized at a higher level for which the inputs became unobservable. A transfer out of Level 3 represents assets and liabilities that were previously classified as Level 3 for which the inputs became observable based on the criteria discussed previously for classification in Level 2. These transfers, which are recognized at the end of each period, result from changes in the observability of forward curves from the beginning to the end of each reporting period. There were no transfers between Level 1 and Level 2 during the twelve months ended December 31, 2011 and December 31, 2010.

Long-term Debt

The Company's balance sheets reflect the long-term debt at carrying value. The fair value of this debt at December 31, 2011 and December 31, 2010 is approximately \$697.6 million and \$643.7 million, respectively. The fair value is based on quoted market prices where available or calculated prices based on the remaining cash flows of the underlying bond discounted at the Company's incremental borrowing rate.

Note 8. Debt

Short-term

The Company has regulatory approval from the FERC to issue up to \$400 million of short-term debt. The company has no short-term

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NOTES TO FINANCIAL STATEMENTS (Continued)			

debt outstanding to third-parties as of December 31, 2011 and December 31, 2010, respectively.

Long-term

Long-term debt at December 31, 2011 and December 31, 2010 are as follows:

Series	Rate	Maturity Date	December 31,	
			2011	2010
<i>(in thousands of dollars)</i>				
<i>Unsecured notes:</i>				
Senior Note	4.534%	March 15, 2020	\$ 250,000	\$ 250,000
Senior Note	5.638%	March 15, 2040	300,000	300,000
<i>First Mortgage Bonds ("FMB"):</i>				
FMB Series S	6.820%	April 1, 2018	14,464	14,464
FMB Series N	9.630%	May 30, 2020	10,000	10,000
FMB Series O	8.460%	September 30, 2022	12,500	12,500
FMB Series P	8.090%	September 30, 2022	6,875	7,500
FMB Series R	7.500%	December 15, 2025	10,500	11,250
Total long-term debt			<u>\$ 604,339</u>	<u>\$ 605,714</u>

Unsecured Notes

The Company issued debt on March 22, 2010, in two tranches. \$250 million of 10-year unsecured bonds were issued at a coupon rate of 4.534% and \$300 million of 30-year unsecured bonds were issued at a coupon rate of 5.638%. The proceeds from the financing were used to: (i) replenish internally generated cash funds that were provided by retained earnings and were used to finance past capital investments in long-lived utility plant assets and refund long-term debt that was issued to finance those investments; (ii) fund future capital expenditures; (iii) term out existing short-term debt so that these financing resources can be made available for ongoing working capital needs, and: (iv) pay dividends. The payment of dividends resulted in a more optimal and cost efficient capital structure for the Company and leaves the Company within an appropriate capital structure for the nature of its business and attendant risk profile.

On March 18, 2010, National Grid plc settled the derivative financial instrument that it had entered into in connection with such bond issuances for the purpose of locking-in the risk-free interest rate element of the bond issues. The \$10.2 million on the "treasury lock" settlement is included as accumulated other comprehensive income in the accompanying balance sheets, and amortized over the life of the bonds to match the corresponding rate treatment.

First Mortgage Bonds

At December 31, 2011, the Company had outstanding of \$54.3 million First Mortgage Bonds. Substantially all of the assets used in the gas business of the Company are subject to the lien of the mortgage indentures under which the first mortgage bonds have been issued. Interest rates ranged from 6.82% to 9.63%. Maturities range from April 2018 to December 2025. The First Mortgage Bonds have annual sinking fund requirements totaling approximately \$1.4 million.

The Company has a maximum 70% of debt-to-capitalization covenant. Furthermore, if at any time the Company's debt exceeds 60% of the total capitalization, each holder of bonds then outstanding shall receive effective as of the first date of such occurrence, a one time permanent 0.20% increase in the interest rate paid by the Company on its bonds. During the years ended December 31, 2011 and December 31, 2010, the Company was in compliance with this covenant. At December 31, 2011 and December 31, 2010 the Company's debt-to-capitalization ratio was 30% and 31%, respectively.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

The aggregate maturities of long-term debt for the five years subsequent to December 31, 2011 are approximately:

(in thousands of dollars)

<u>Years Ended December 31,</u>	
2012	\$ 1,375
2013	1,375
2014	1,375
2015	1,375
2016	1,375
Thereafter	<u>597,464</u>
Total	<u>\$ 604,339</u>

Note 9. Commitments and Contingencies

Electricity and Gas Supply, Storage and Pipeline Commitments

The Company's electricity and gas distribution subsidiaries have entered into various contracts for electricity and gas delivery, storage and supply services. Certain of these contracts require payment of annual demand charges in the aggregate amount of approximately \$461 million. The Company and its electricity and gas distribution subsidiaries are liable for these payments regardless of the level of services required from third parties. Such charges are currently recovered from utility customers as gas and electricity costs.

The Company's commitments under these long-term contracts, as of December 31, 2011, are summarized in the table below.

(in thousands of dollars)

Years ended December 31,	
2012	\$ 302,120
2013	67,361
2014	16,193
2015	12,096
2016	10,620
Thereafter	<u>52,628</u>
Total	<u>\$ 461,018</u>

The Company's subsidiaries purchases any additional energy needed to meet load requirements and can purchase from other independent power producers, other utilities, energy merchants or on the open market through the New York Independent System Operator or ISO-NE at market prices.

Legal Matters

The Company is subject to various legal proceedings arising out of the ordinary course of its business. The Company does not consider any of such proceedings to be material, individually or in the aggregate, to its business or likely to result in a material adverse effect on its results of operations, financial condition, or cash flows.

Environmental Matters

The normal ongoing operations and historic activities of the Company are subject to various federal, state and local environmental laws and regulations. Under federal and state Superfund laws, potential liability for the historic contamination of property may be imposed on responsible parties jointly and severally, without fault, even if the activities were lawful when they occurred.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

The United States Environmental Protection Agency (“EPA”), the Massachusetts Department of Environmental Protection (“DEP”), and the Rhode Island Department of Environmental Management (“DEM”) have alleged that the Company is a potentially responsible party under state or federal law for a number of sites at which hazardous waste is alleged to have been disposed. The Company’s most significant liabilities relate to former manufactured gas plant (“MGP”) facilities formerly owned by the Blackstone Valley Gas and Electric Company and the Rhode Island gas distribution assets of New England Gas. The Company is currently investigating and remediating, as necessary, those MGP sites and certain other properties under agreements with the EPA, DEM and DEP.

The RIPUC approved a settlement agreement that provides for rate recovery of remediation costs of former MGP sites and certain other hazardous waste sites located in Rhode Island. Under that agreement, qualified costs related to these sites are paid out of a special fund established on the Company’s books. Rate-recoverable contributions of approximately \$3 million are added annually to the fund along with interest and any recoveries from insurance carriers and other third parties. Under the agreement, costs are amortized over a ten year period and subject to an annual cap linked to gas usage.

The Company believes that obligations imposed on it because of the environmental laws will not have a material impact on its results of operations or financial condition due to rate recovery. At December 31, 2011 and December 31, 2010, the Company’s total reserves for estimated environmental activities were approximately \$115.2 million and \$118.8 million, respectively. The Company has also reflected an environmental regulatory asset of \$129.8 million and \$118.3 million at December 31, 2011 and December 31, 2010, respectively. Those reserves may need to be materially increased in the future if new sites are identified or currently unknown contamination is discovered, if other potentially responsible parties fail to pay their share, or if there are changes in laws or policies, or the enforcement thereof, relating to the investigation or remediation of those sites.

Note 10. Related Party Transactions

Intercompany Money Pool

NGUSA and certain affiliates, including the Company, participate in money pools to more effectively utilize cash resources and to reduce outside short-term borrowings. The money pool in which this Company participates is administered by the NGUSA Service Company as the agent for the participants. Short-term borrowing needs are met first by available funds of the moneypool participants. Borrowings from the money pool bear interest in accordance with the moneypool agreement. Companies that invest in the pool share the interest earned on a basis proportionate to their average monthly investment in the money pool. Funds may be withdrawn from or repaid to the pool at any time without prior notice. At December 31, 2011 and December 31, 2010, the Company had short-term money pool borrowings of \$169 million and \$21.3 million, respectively, which is included as notes payable to associated companies in the accompanying balance sheets. The average interest rate for the money pool was 0.18% and 0.26% for the years ended December 31, 2011 and December 31, 2010, respectively.

Accounts Receivable from/Payable to Associated Companies

The Company engages in various transactions with NGUSA and its affiliates. Certain activities and costs, such as executive and administrative, financial (including accounting, auditing, risk management, tax, and treasury/finance), human resources, information technology, legal, and strategic planning are shared among the companies and charged to each company appropriately. In addition, the Company has a tax sharing agreement with NGH, a NGUSA affiliate, in filing consolidated tax returns. The Company’s share of tax liability is allocated resulting in a payment to or refund from NGH.

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The Company records short-term payables to and receivables from certain of its affiliates in the ordinary course of business. The amounts payable to and receivable from its associates do not bear interest. At December 30, 2011 and December 31, 2010, the Company had outstanding receivable and payable positions as follows:

	Accounts Receivable From Associated Companies		Accounts Payable To Associated Companies	
	<u>December 31, 2011</u>	<u>December 31, 2010</u>	<u>December 31, 2011</u>	<u>December 31, 2010</u>
	<i>(in thousands of dollars)</i>			
Massachusetts Electric	\$ 887	\$ 1,319	\$ 851	\$ 4,496
New England Power	3,815	7,512	2,367	-
Nantucket Electric	1,506	-	-	-
Niagara Mohawk Power Co.	1,500	5,991	713	5,419
NGUSA Service Co.	201	5,841	925	-
KeySpan Corp Services	-	-	3,695	2,054
Other	600	1,336	410	(3,088)
Total	<u>\$ 8,509</u>	<u>\$ 21,999</u>	<u>\$ 8,961</u>	<u>\$ 8,881</u>

Service Company Charges

The affiliated service companies of NGUSA provide certain services to the Company at their cost. The service company costs are generally charged to associated companies through a tiered approach. First and foremost, costs are directly charged to the benefited company whenever practicable. Secondly, in cases where direct charging cannot be readily determined, costs are typically allocated using cost/causation principles linked to the relationship of that type of service, such as meters, square footage, number of employees, etc. Lastly, all other costs are allocated based on a general allocator. These costs include operating and capital expenditure of \$149.3 million and \$145.4 million for the year ended December 31, 2011, and \$127.1 million and \$124 million for the year ended December 30, 2010, respectively.

Note 11. Restrictions on Retained Earnings Available for Dividends on Common Stock

As long as any preferred stock is outstanding, certain restrictions on payment of dividends on common stock would come into effect if the "junior stock equity" was, or by reason of payment of such dividends became, less than 25% of "Total Capitalization." However, the junior stock equity at December 31, 2011 and December 31, 2010, was 70% and 69%, respectively, of total capitalization and goodwill as a portion of equity. Accordingly, none of the Company's retained earnings at December 31, 2011 and December 31, 2010 were restricted as to dividends on common stock under the foregoing provisions.

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STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges [Specify] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 78) (i)	Total Comprehensive Income (j)
1			(106,479,924)		
2			182,868		
3		(6,033,181)	2,896,115		
4		(6,033,181)	3,078,983	25,960,234	29,039,217
5		(6,033,181)	(103,400,941)		
6		(6,033,181)	(103,400,941)		
7			82,590		
8		367,439	19,103,919		
9		367,439	19,186,509	39,352,112	58,538,621
10		(5,665,742)	(84,214,432)		

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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION				
Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.				
Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)	
1	Utility Plant			
2	In Service			
3	Plant in Service (Classified)	2,142,525,291	1,480,514,788	
4	Property Under Capital Leases			
5	Plant Purchased or Sold			
6	Completed Construction not Classified	127,578,290	108,517,049	
7	Experimental Plant Unclassified			
8	Total (3 thru 7)	2,270,103,581	1,589,031,837	
9	Leased to Others			
10	Held for Future Use	12,735,777	12,735,777	
11	Construction Work in Progress	294,928,459	228,293,740	
12	Acquisition Adjustments	751,163,593	516,105,537	
13	Total Utility Plant (8 thru 12)	3,328,931,410	2,346,166,891	
14	Accum Prov for Depr, Amort, & Depl	975,349,557	660,998,655	
15	Net Utility Plant (13 less 14)	2,353,581,853	1,685,168,236	
16	Detail of Accum Prov for Depr, Amort & Depl			
17	In Service:			
18	Depreciation	929,081,090	634,644,853	
19	Amort & Depl of Producing Nat Gas Land/Land Right			
20	Amort of Underground Storage Land/Land Rights			
21	Amort of Other Utility Plant			
22	Total In Service (18 thru 21)	929,081,090	634,644,853	
23	Leased to Others			
24	Depreciation			
25	Amortization and Depletion			
26	Total Leased to Others (24 & 25)			
27	Held for Future Use			
28	Depreciation			
29	Amortization			
30	Total Held for Future Use (28 & 29)			
31	Abandonment of Leases (Natural Gas)			
32	Amort of Plant Acquisition Adj	46,268,467	26,353,802	
33	Total Accum Prov (equals 14) (22,26,30,31,32)	975,349,557	660,998,655	

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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION					
Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
662,010,503					3
					4
					5
19,061,241					6
					7
681,071,744					8
					9
					10
66,634,719					11
235,058,056					12
982,764,519					13
314,350,902					14
668,413,617					15
					16
					17
294,436,237					18
					19
					20
					21
294,436,237					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
19,914,665					32
314,350,902					33

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
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FOOTNOTE DATA			

Schedule Page: 200 Line No.: 6 Column: c

Completed Construction Not Classified (Account 106) Tentative Account Distribution in Schedule of Utility Electric Plant <u>Account</u>	<u>Balance</u> Dec. 31,2010	<u>Balance</u> Dec 31,2011	<u>Net</u> Additions 2011
<u>Transmission Plant</u>			
350 Land and Land Rights	0	0	0
352 Structures and improvements	41,051	17,796,031	17,754,980
353 Station Equipment	49,204,191	49,010,517	(193,674)
354 Towers & Fixtures	338,570	15,475	(323,095)
355 Poles & Fixtures	1,841,510	3,237,269	1,395,759
356 Overhead Conductors & Devices	1,498,902	1,047,311	(451,591)
357 Underground Conduit	0	0	0
358 Underground Conduit and Devices	0	0	0
359 Roads and Trails	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total Transmission Plant</u>	52,924,224	71,106,603	18,182,379
<u>Distribution Plant</u>			
360 Land & Land Rights	0	0	0
361 Structures & Improvements	(420)	290,324	276,399
362 Station Equipment	8,835,541	5,173,500	(3,662,041)
364 Pole, Towers & Devices	10,631,504	8,914,518	(1,716,986)
365 Overhead Conductors	12,279,703	10,268,259	(2,011,444)
366 Underground Conduit	48,983	1,856,624	1,807,641
367 Underground Conduit & Devices	5,131,375	4,203,786	(927,589)
368 Line Transformers	1,905,377	1,401,428	(503,949)
369 Services	1,313,503	1,275,781	(37,723)
370 Meters	39,900	39,821	(79)
371 installations	0	0	0
373 Street Lighting & Signal System	<u>924,224</u>	<u>1,156,684</u>	<u>232,460</u>
<u>Total Distribution Plant</u>	41,124,035	34,580,685	(6,543,311)
<u>General Plant</u>			
390 Structures & Improvements	625,315	2,228,564	1,603,249
391 Office Furniture & Equipment	0	0	0
392 Transportation equipment	2,686,950	601,157	(2,085,793)
393 Stores Equipment	0	0	0
394 Tools, Shop & Garage Equipment	0	0	0
395 Laboratory Equipment	0	0	0
397 Street Lighting & Signal System	<u>0</u>	<u>0</u>	<u>0</u>
<u>Total General Plant</u>	3,312,265	2,829,721	(482,544)
 Grand Total	 <u>97,360,524</u>	 <u>108,517,049</u>	 <u>11,156,524</u>

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NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157)

- Report below the costs incurred for nuclear fuel materials in process of fabrication, on hand, in reactor, and in cooling; owned by the respondent.
- If the nuclear fuel stock is obtained under leasing arrangements, attach a statement showing the amount of nuclear fuel leased, the quantity used and quantity on hand, and the costs incurred under such leasing arrangements.

Line No.	Description of item (a)	Balance Beginning of Year (b)	Changes during Year
			Additions (c)
1	Nuclear Fuel in process of Refinement, Conv, Enrichment & Fab (120.1)		
2	Fabrication		
3	Nuclear Materials		
4	Allowance for Funds Used during Construction		
5	(Other Overhead Construction Costs, provide details in footnote)		
6	SUBTOTAL (Total 2 thru 5)		
7	Nuclear Fuel Materials and Assemblies		
8	In Stock (120.2)		
9	In Reactor (120.3)		
10	SUBTOTAL (Total 8 & 9)		
11	Spent Nuclear Fuel (120.4)		
12	Nuclear Fuel Under Capital Leases (120.6)		
13	(Less) Accum Prov for Amortization of Nuclear Fuel Assem (120.5)		
14	TOTAL Nuclear Fuel Stock (Total 6, 10, 11, 12, less 13)		
15	Estimated net Salvage Value of Nuclear Materials in line 9		
16	Estimated net Salvage Value of Nuclear Materials in line 11		
17	Est Net Salvage Value of Nuclear Materials in Chemical Processing		
18	Nuclear Materials held for Sale (157)		
19	Uranium		
20	Plutonium		
21	Other (provide details in footnote):		
22	TOTAL Nuclear Materials held for Sale (Total 19, 20, and 21)		

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NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157)					
		Changes during Year		Balance	Line
Amortization (d)	Other Reductions (Explain in a footnote) (e)		End of Year (f)		No.
					1
					2
					3
					4
					5
					6
					7
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					9
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					20
					21
					22

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)			
1. Report below the original cost of electric plant in service according to the prescribed accounts. 2. In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric. 3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year. 4. For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments. 5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts. 6. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)			
Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)		
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)		
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights	6,989	
28	(331) Structures and Improvements	1,993,757	
29	(332) Reservoirs, Dams, and Waterways	1,125,689	
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power Plant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)	3,126,435	
36	D. Other Production Plant		
37	(340) Land and Land Rights		
38	(341) Structures and Improvements		
39	(342) Fuel Holders, Products, and Accessories		
40	(343) Prime Movers		
41	(344) Generators		
42	(345) Accessory Electric Equipment		
43	(346) Misc. Power Plant Equipment		
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)		
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	3,126,435	

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)				
Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)	
47	3. TRANSMISSION PLANT			
48	(350) Land and Land Rights	8,731,633		
49	(352) Structures and Improvements	3,639,851		17,754,981
50	(353) Station Equipment	141,091,935		10,047,878
51	(354) Towers and Fixtures	1,885,508		-323,095
52	(355) Poles and Fixtures	60,456,013		4,453,534
53	(356) Overhead Conductors and Devices	42,341,145		176,554
54	(357) Underground Conduit	4,830,086		
55	(358) Underground Conductors and Devices	27,192,096		
56	(359) Roads and Trails	492,181		
57	(359.1) Asset Retirement Costs for Transmission Plant			
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)	290,660,448		32,109,852
59	4. DISTRIBUTION PLANT			
60	(360) Land and Land Rights	9,871,737		194,563
61	(361) Structures and Improvements	7,440,422		622,657
62	(362) Station Equipment	171,837,544		3,734,453
63	(363) Storage Battery Equipment			
64	(364) Poles, Towers, and Fixtures	185,312,109		8,867,380
65	(365) Overhead Conductors and Devices	259,330,824		8,428,682
66	(366) Underground Conduit	62,569,878		2,108,577
67	(367) Underground Conductors and Devices	137,998,825		6,373,844
68	(368) Line Transformers	160,122,777		3,944,287
69	(369) Services	76,409,766		2,932,081
70	(370) Meters	50,465,668		1,700,361
71	(371) Installations on Customer Premises			
72	(372) Leased Property on Customer Premises			
73	(373) Street Lighting and Signal Systems	52,098,681		1,338,761
74	(374) Asset Retirement Costs for Distribution Plant	14,000		
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	1,173,472,231		40,245,646
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT			
77	(380) Land and Land Rights			
78	(381) Structures and Improvements			
79	(382) Computer Hardware			
80	(383) Computer Software			
81	(384) Communication Equipment			
82	(385) Miscellaneous Regional Transmission and Market Operation Plant			
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper			
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)			
85	6. GENERAL PLANT			
86	(389) Land and Land Rights	975,637		
87	(390) Structures and Improvements	24,218,573		1,599,249
88	(391) Office Furniture and Equipment	35,493		
89	(392) Transportation Equipment	3,349,077		-2,085,793
90	(393) Stores Equipment	108,185		
91	(394) Tools, Shop and Garage Equipment	1,487,259		21,465
92	(395) Laboratory Equipment	1,459,754		38,774
93	(396) Power Operated Equipment			
94	(397) Communication Equipment	26,465,636		
95	(398) Miscellaneous Equipment	34,791		
96	SUBTOTAL (Enter Total of lines 86 thru 95)	58,134,405		-426,305
97	(399) Other Tangible Property	12,143		
98	(399.1) Asset Retirement Costs for General Plant	103,000		
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	58,249,548		-426,305
100	TOTAL (Accounts 101 and 106)	1,525,508,662		71,929,193
101	(102) Electric Plant Purchased (See Instr. 8)			
102	(Less) (102) Electric Plant Sold (See Instr. 8)			
103	(103) Experimental Plant Unclassified			
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	1,525,508,662		71,929,193

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.

9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
				2
				3
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				24
				25
				26
			6,989	27
			1,993,757	28
			1,125,689	29
				30
				31
				32
				33
				34
			3,126,435	35
				36
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				44
				45
			3,126,435	46

Name of Respondent		This Report Is:		Date of Report	Year/Period of Report
The Narragansett Electric Company		(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	End of 2011/Q4
ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
			8,731,633		48
			21,394,832		49
1,267,368			149,872,445		50
			1,562,413		51
195,885			64,713,662		52
126,990			42,390,709		53
			4,830,086		54
			27,192,096		55
			492,181		56
					57
1,590,243			321,180,057		58
					59
1,215			10,065,085		60
3,310			8,059,769		61
657,011		-11,968	174,903,018		62
					63
395,536			193,783,953		64
3,469,806			264,289,700		65
33,640			64,644,815		66
858,842			143,513,827		67
123,098			163,943,966		68
102,710			79,239,137		69
981,808			51,184,221		70
					71
					72
176,831			53,260,611		73
			14,000		74
6,803,807		-11,968	1,206,902,102		75
					76
					77
					78
					79
					80
					81
					82
					83
					84
					85
			975,637		86
			25,817,822		87
			35,493		88
			1,263,284		89
			108,185		90
			1,508,724		91
			1,498,528		92
					93
			26,465,636		94
			34,791		95
			57,708,100		96
			12,143		97
			103,000		98
			57,823,243		99
8,394,050		-11,968	1,589,031,837		100
					101
					102
					103
8,394,050		-11,968	1,589,031,837		104

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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ELECTRIC PLANT LEASED TO OTHERS (Account 104)

Line No.	Name of Lessee (Designate associated companies with a double asterisk) (a)	Description of Property Leased (b)	Commission Authorization (c)	Expiration Date of Lease (d)	Balance at End of Year (e)
1					
2					
3					
4					
5					
6					
7					
8					
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10					
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44					
45					
46					
47	TOTAL				

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
ELECTRIC PLANT HELD FOR FUTURE USE (Account 105)					
1. Report separately each property held for future use at end of the year having an original cost of \$250,000 or more. Group other items of property held for future use.					
2. For property having an original cost of \$250,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.					
Line No.	Description and Location Of Property (a)	Date Originally Included in This Account (b)	Date Expected to be used in Utility Service (c)	Balance at End of Year (d)	
1	Land and Rights:				
2	Land for Future 345 kilovolt Transmission Line - War				
3	to Burrillville, Rhode Island	12/31/1979	Uncertain		12,307,664
4					
5					
6	Minor items of propert consisting of land rights and				
7	other property, various locations in Rhode Island				
8	each less than \$250,000 (6 in number)				
9	Purchased various dates - 12/31/75 through 12/31/94		Uncertain		428,113
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	Other Property:				
22					
23					
24					
25					
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27					
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32					
33					
34					
35					
36					
37					
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43					
44					
45					
46					
47	Total				12,735,777

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
CONSTRUCTION WORK IN PROGRESS - - ELECTRIC (Account 107)				
1. Report below descriptions and balances at end of year of projects in process of construction (107) 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstrating (see Account 107 of the Uniform System of Accounts) 3. Minor projects (5% of the Balance End of the Year for Account 107 or \$1,000,000, whichever is less) may be grouped.				
Line No.	Description of Project (a)	Construction work in progress - Electric (Account 107) (b)		
1	Electric			
2	New 345KV Line WF Arnum-Kent County			49,629,204
3	Move T-172 Line			41,380,656
4	WF Arnum 345 KV Sub Expansion			36,166,165
5	Move S-171 Line			28,819,275
6	Update Drumrock Substation			13,936,787
7				
8	Minor			58,361,653
9				
10				
11				
12				
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42				
43	TOTAL			228,293,740

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	606,662,550	606,662,550		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	48,425,981	48,425,981		
4	(403.1) Depreciation Expense for Asset Retirement Costs	2,247	2,247		
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing				
7	Other Clearing Accounts				
8	Other Accounts (Specify, details in footnote):				
9					
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	48,428,228	48,428,228		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	8,394,048	8,394,048		
13	Cost of Removal	12,045,143	12,045,143		
14	Salvage (Credit)				
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	20,439,191	20,439,191		
16	Other Debit or Cr. Items (Describe, details in footnote):				
17	Transfers	-6,734	-6,734		
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	634,644,853	634,644,853		

Section B. Balances at End of Year According to Functional Classification

20	Steam Production				
21	Nuclear Production				
22	Hydraulic Production-Conventional	3,119,445	3,119,445		
23	Hydraulic Production-Pumped Storage				
24	Other Production				
25	Transmission	81,274,607	81,274,607		
26	Distribution	521,894,447	521,894,447		
27	Regional Transmission and Market Operation	28,356,354	28,356,354		
28	General				
29	TOTAL (Enter Total of lines 20 thru 28)	634,644,853	634,644,853		

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1)

1. Report below investments in Accounts 123.1, investments in Subsidiary Companies.
 2. Provide a subheading for each company and List there under the information called for below. Sub - TOTAL by company and give a TOTAL in columns (e),(f),(g) and (h)
 (a) Investment in Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity and interest rate.
 (b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
 3. Report separately the equity in undistributed subsidiary earnings since acquisition. The TOTAL in column (e) should equal the amount entered for Account 418.1.

Line No.	Description of Investment (a)	Date Acquired (b)	Date Of Maturity (c)	Amount of Investment at Beginning of Year (d)
1				
2				
3				
4				
5				
6				
7				
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9				
10				
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30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42	Total Cost of Account 123.1 \$	0	TOTAL	

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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INVESTMENTS IN SUBSIDIARY COMPANIES (Account 123.1) (Continued)

4. For any securities, notes, or accounts that were pledged designate such securities, notes, or accounts in a footnote, and state the name of pledgee and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.
6. Report column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.
7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if difference from cost) and the selling price thereof, not including interest adjustment includible in column (f).
8. Report on Line 42, column (a) the TOTAL cost of Account 123.1

Equity in Subsidiary Earnings of Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
				1
				2
				3
				4
				5
				6
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Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
MATERIALS AND SUPPLIES					
<p>1. For Account 154, report the amount of plant materials and operating supplies under the primary functional classifications as indicated in column (a); estimates of amounts by function are acceptable. In column (d), designate the department or departments which use the class of material.</p> <p>2. Give an explanation of important inventory adjustments during the year (in a footnote) showing general classes of material and supplies and the various accounts (operating expenses, clearing accounts, plant, etc.) affected debited or credited. Show separately debit or credits to stores expense clearing, if applicable.</p>					
Line No.	Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Department or Departments which Use Material (d)	
1	Fuel Stock (Account 151)				
2	Fuel Stock Expenses Undistributed (Account 152)				
3	Residuals and Extracted Products (Account 153)				
4	Plant Materials and Operating Supplies (Account 154)				
5	Assigned to - Construction (Estimated)				
6	Assigned to - Operations and Maintenance				
7	Production Plant (Estimated)				
8	Transmission Plant (Estimated)	2,197,470	2,933,102	Gas	
9	Distribution Plant (Estimated)	4,920,091	6,656,841	Electric	
10	Regional Transmission and Market Operation Plant (Estimated)				
11	Assigned to - Other (provide details in footnote)				
12	TOTAL Account 154 (Enter Total of lines 5 thru 11)	7,117,561	9,589,943		
13	Merchandise (Account 155)				
14	Other Materials and Supplies (Account 156)				
15	Nuclear Materials Held for Sale (Account 157) (Not applic to Gas Util)				
16	Stores Expense Undistributed (Account 163)	493,751	-57,086	Gas and Electric	
17					
18					
19					
20	TOTAL Materials and Supplies (Per Balance Sheet)	7,611,312	9,532,857		

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Allowances (Accounts 158.1 and 158.2)

1. Report below the particulars (details) called for concerning allowances.
2. Report all acquisitions of allowances at cost.
3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.
4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).
5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

Line No.	SO2 Allowances Inventory (Account 158.1) (a)	Current Year		2012	
		No. (b)	Amt. (c)	No. (d)	Amt. (e)
1	Balance-Beginning of Year				
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)				
5	Returned by EPA				
6					
7					
8	Purchases/Transfers:				
9					
10					
11					
12					
13					
14					
15	Total				
16					
17	Relinquished During Year:				
18	Charges to Account 509				
19	Other:				
20					
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year				
30					
31	Sales:				
32	Net Sales Proceeds(Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld (Acct 158.2)				
36	Balance-Beginning of Year				
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales				
40	Balance-End of Year				
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)				
45	Gains				
46	Losses				

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transfers of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

2013		2014		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
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Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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Allowances (Accounts 158.1 and 158.2)

1. Report below the particulars (details) called for concerning allowances.
2. Report all acquisitions of allowances at cost.
3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.
4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(i), starting with the following year, and allowances for the remaining succeeding years in columns (j)-(k).
5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions Lines 36-40.

Line No.	NOx Allowances Inventory (Account 158.1) (a)	Current Year		2012	
		No. (b)	Amt. (c)	No. (d)	Amt. (e)
1	Balance-Beginning of Year				
2					
3	Acquired During Year:				
4	Issued (Less Withheld Allow)				
5	Returned by EPA				
6					
7					
8	Purchases/Transfers:				
9					
10					
11					
12					
13					
14					
15	Total				
16					
17	Relinquished During Year:				
18	Charges to Account 509				
19	Other:				
20					
21	Cost of Sales/Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year				
30					
31	Sales:				
32	Net Sales Proceeds(Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld (Acct 158.2)				
36	Balance-Beginning of Year				
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales				
40	Balance-End of Year				
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sales Proceeds (Other)				
45	Gains				
46	Losses				

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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Allowances (Accounts 158.1 and 158.2) (Continued)

6. Report on Lines 5 allowances returned by the EPA. Report on Line 39 the EPA's sales of the withheld allowances. Report on Lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.
7. Report on Lines 8-14 the names of vendors/transfers of allowances acquire and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).
8. Report on Lines 22 - 27 the name of purchasers/ transferees of allowances disposed of an identify associated companies.
9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.
10. Report on Lines 32-35 and 43-46 the net sales proceeds and gains or losses from allowance sales.

2013		2014		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
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Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /		Year/Period of Report End of <u>2011/Q4</u>	
EXTRAORDINARY PROPERTY LOSSES (Account 182.1)							
Line No.	Description of Extraordinary Loss [Include in the description the date of Commission Authorization to use Acc 182.1 and period of amortization (mo, yr to mo, yr).] (a)	Total Amount of Loss (b)	Losses Recognised During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)	
				Account Charged (d)	Amount (e)		
1							
2							
3							
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19							
20	TOTAL						

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /		Year/Period of Report End of <u>2011/Q4</u>	
UNRECOVERED PLANT AND REGULATORY STUDY COSTS (182.2)							
Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission Authorization to use Acc 182.2 and period of amortization (mo, yr to mo, yr)] (a)	Total Amount of Charges (b)	Costs Recognised During Year (c)	WRITTEN OFF DURING YEAR		Balance at End of Year (f)	
				Account Charged (d)	Amount (e)		
21							
22							
23							
24							
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49	TOTAL						

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
Transmission Service and Generation Interconnection Study Costs					
1. Report the particulars (details) called for concerning the costs incurred and the reimbursements received for performing transmission service and generator interconnection studies. 2. List each study separately. 3. In column (a) provide the name of the study. 4. In column (b) report the cost incurred to perform the study at the end of period. 5. In column (c) report the account charged with the cost of the study. 6. In column (d) report the amounts received for reimbursement of the study costs at end of period. 7. In column (e) report the account credited with the reimbursement received for performing the study.					
Line No.	Description (a)	Costs Incurred During Period (b)	Account Charged (c)	Reimbursements Received During the Period (d)	Account Credited With Reimbursement (e)
1	Transmission Studies				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	Generation Studies				
22	Manchester St. (Dominion) System				
23	Impact Study Agreement	15,880	174	(19,854)	174
24	Block Island Wind Power System				
25	Impact Study	35,869	174	(37,711)	174
26					
27					
28					
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OTHER REGULATORY ASSETS (Account 182.3)

- Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
- Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes.
- For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS		Balance at end of Current Quarter/Year (f)
				Written off During the Quarter/Year Account Charged (d)	Written off During the Period Amount (e)	
1	Deferred FAS 109	14,893,100	2,670,015	282/283	4,166,667	13,396,448
2						
3	Fiber Optic Lease Income (2003-2015)	983,333		253	200,000	783,333
4						
5	Environmental Response Fund	118,336,680	30,172,895	926,253	18,710,008	129,799,567
6						
7	NECO 2003 Vero Deferral (2004-2013)	7,533,481		926	2,511,132	5,022,349
8						
9	Asset Retirement Obligation	3,261,606	210,456	230	134,475	3,337,587
10						
11	Year 2000 Expense (Y2K) Expense	1,589,411		405	373,979	1,215,432
12						
13	Deferred Gas Costs	8,169,826	7,378,731	407,431	9,000,179	6,548,378
14						
15	Pension/FAS 106 Purchase Accounting	91,906,086	6,230,839	926	27,793,593	70,343,332
16						
17	Gas Futures-Gas Supply	49,919,240	166,123,508	254	154,804,259	61,238,489
18						
19	Arrears Forgive-LAMP	1,404	24,266	142	25,670	
20						
21	Rate Case Expenses (2010-2015)	1,431,802		928	343,630	1,088,172
22						
23	Cost to Achieve	87,427	89,079	921	1,032,709	-856,203
24						
25	Revenue Decoupling		2,598,651	242		2,598,651
26						
27						
28						
29						
30						
31						
32						
33						
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35						
36						
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44	TOTAL	298,113,396	215,498,440		219,096,301	294,515,535

Name of Respondent The Narragansett Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
FOOTNOTE DATA			

Schedule Page: 232 Line No.: 5 Column: a Docket Number 3617
Schedule Page: 232 Line No.: 11 Column: a Docket Number 3943
Schedule Page: 232 Line No.: 13 Column: a Docket Number 3943
Schedule Page: 232 Line No.: 17 Column: a Docket Number 3943
Schedule Page: 232 Line No.: 21 Column: a Docket Number 4065
Schedule Page: 232 Line No.: 23 Column: a Docket Number 4065
Schedule Page: 232 Line No.: 25 Column: a Docket Number 4065

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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MISCELLANEOUS DEFFERED DEBITS (Account 186)

- Report below the particulars (details) called for concerning miscellaneous deferred debits.
- For any deferred debit being amortized, show period of amortization in column (a)
- Minor item (1% of the Balance at End of Year for Account 186 or amounts less than \$100,000, whichever is less) may be grouped by classes.

Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)
				Account Charged (d)	Amount (e)	
1	Construction Advance	37,004	78,486	142	20,439	95,051
2						
3	Cash over/shorts	18,238	3,453,945	146,131	3,636,951	-164,768
4						
5	Provision Tax Settlement	1,758,468		408	883,333	875,135
6	amortization					
7	Derivative Gas Cost - Long Term	321,832	1,127,165	186	1,448,997	
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46						
47	Misc. Work in Progress					
48	Deferred Regulatory Comm. Expenses (See pages 350 - 351)					
49	TOTAL	2,135,542				805,418

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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ACCUMULATED DEFERRED INCOME TAXES (Account 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.
2. At Other (Specify), include deferrals relating to other income and deductions.

Line No.	Description and Location (a)	Balance of Beginning of Year (b)	Balance at End of Year (c)
1	Electric		
2	Pension, other postemployment benefits and other employee benefits	33,416,447	23,440,120
3	Reserve - Environmental	31,513,289	34,609,229
4	Net Operating Loss Carryforward	15,195,845	15,176,137
5			
6			
7	Other	32,134	6,956,408
8	TOTAL Electric (Enter Total of lines 2 thru 7)	80,157,715	80,181,894
9	Gas		
10	Pension, other postemployment benefits and other employee benefits	37,380,653	20,273,667
11	Reserve - Environmental	9,923,642	8,737,637
12	Net Operating Loss Carryforward	8,806,265	8,813,462
13			
14			
15	Other	7,993,477	7,026,084
16	TOTAL Gas (Enter Total of lines 10 thru 15)	64,104,037	44,850,850
17	Other (Specify)		
18	TOTAL (Acct 190) (Total of lines 8, 16 and 17)	144,261,752	125,032,744

Notes

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CAPITAL STOCKS (Account 201 and 204)

1. Report below the particulars (details) called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock. If information to meet the stock exchange reporting requirement outlined in column (a) is available from the SEC 10-K Report Form filing, a specific reference to report form (i.e., year and company title) may be reported in column (a) provided the fiscal years for both the 10-K report and this report are compatible.
 2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.

Line No.	Class and Series of Stock and Name of Stock Series (a)	Number of shares Authorized by Charter (b)	Par or Stated Value per share (c)	Call Price at End of Year (d)
1	Account 201			
2				
3	Common stock	1,132,487	50.00	
4	Total Com	1,132,487		
5				
6				
7				
8	Account 204			
9				
10	Cumulative Preferred Stock			
11	4.50% Series	180,000	50.00	
12				
13				
14				
15	Total	180,000		
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Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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CAPITAL STOCKS (Account 201 and 204) (Continued)

3. Give particulars (details) concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.
 4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or non-cumulative.
 5. State in a footnote if any capital stock which has been nominally issued is nominally outstanding at end of year.
 Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purposes of pledge.

OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent)		HELD BY RESPONDENT				Line No.
Shares (e)	Amount (f)	AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
		Shares (g)	Cost (h)	Shares (i)	Amount (j)	
						1
						2
1,132,487	56,624,350					3
1,132,487	56,624,350					4
						5
						6
						7
						8
						9
						10
49,089	2,454,450					11
						12
						13
						14
49,089	2,454,450					15
						16
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Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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OTHER PAID-IN CAPITAL (Accounts 208-211, inc.)

Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as total of all accounts for reconciliation with balance sheet, Page 112. Add more columns for any account if deemed necessary. Explain changes made in any account during the year and give the accounting entries effecting such change.

- (a) Donations Received from Stockholders (Account 208)-State amount and give brief explanation of the origin and purpose of each donation.
- (b) Reduction in Par or Stated value of Capital Stock (Account 209): State amount and give brief explanation of the capital change which gave rise to amounts reported under this caption including identification with the class and series of stock to which related.
- (c) Gain on Resale or Cancellation of Reacquired Capital Stock (Account 210): Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.
- (d) Miscellaneous Paid-in Capital (Account 211)-Classify amounts included in this account according to captions which, together with brief explanations, disclose the general nature of the transactions which gave rise to the reported amounts.

Line No.	Item (a)	Amount (b)
1		
2	Account 211 - Miscellaneous Paid-In Capital	
3	-----	
4	Balance at Beginning of year	1,353,559,018
5		
6	Premium Paid on - 4.64% Preferred Stock Redemption	
7		
8	Equity Contribution Made by Parent Company (NGUSA)	
9		
10	Gain on Capital Stock	
11		
12		
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40	TOTAL	1,353,559,018

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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CAPITAL STOCK EXPENSE (Account 214)

1. Report the balance at end of the year of discount on capital stock for each class and series of capital stock.
2. If any change occurred during the year in the balance in respect to any class or series of stock, attach a statement giving particulars (details) of the change. State the reason for any charge-off of capital stock expense and specify the account charged.

Line No.	Class and Series of Stock (a)	Balance at End of Year (b)
1		
2		
3		
4		
5		
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22	TOTAL	

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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LONG-TERM DEBT (Account 221, 222, 223 and 224)

- Report by balance sheet account the particulars (details) concerning long-term debt included in Accounts 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other long-Term Debt.
- In column (a), for new issues, give Commission authorization numbers and dates.
- For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
- For advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
- For receivers, certificates, show in column (a) the name of the court -and date of court order under which such certificates were issued.
- In column (b) show the principal amount of bonds or other long-term debt originally issued.
- In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.
- For column (c) the total expenses should be listed first for each issuance, then the amount of premium (in parentheses) or discount. Indicate the premium or discount with a notation, such as (P) or (D). The expenses, premium or discount should not be netted.
- Furnish in a footnote particulars (details) regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.

Line No.	Class and Series of Obligation, Coupon Rate (For new issue, give commission Authorization numbers and dates) (a)	Principal Amount Of Debt issued (b)	Total expense, Premium or Discount (c)
1	Account 221		
2	-----		
3	Medium Term Notes		
4			
5	First Mortgage Bond series S - 6.8%	14,464,000	
6			
7	First Mortgage Bond series N - 9.63%	10,000,000	
8			
9	First Mortgage Bond series O - 8.46%	12,500,000	
10			
11	First Mortgage Bond series P - 8.090%	10,625,000	
12			
13	First Mortgage Bond series R - 7.50%	15,000,000	
14			
15	4.534% Senior Notes	250,000,000	
16			
17	5.638% Senior Notes	300,000,000	
18			
19			
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32			
33	TOTAL	612,589,000	

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LONG-TERM DEBT (Account 221, 222, 223 and 224) (Continued)

10. Identify separate undisposed amounts applicable to issues which were redeemed in prior years.
11. Explain any debits and credits other than debited to Account 428, Amortization and Expense, or credited to Account 429, Premium on Debt - Credit.
12. In a footnote, give explanatory (details) for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principle repaid during year. Give Commission authorization numbers and dates.
13. If the respondent has pledged any of its long-term debt securities give particulars (details) in a footnote including name of pledgee and purpose of the pledge.
14. If the respondent has any long-term debt securities which have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
15. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (i). Explain in a footnote any difference between the total of column (i) and the total of Account 427, interest on Long-Term Debt and Account 430, Interest on Debt to Associated Companies.
16. Give particulars (details) concerning any long-term debt authorized by a regulatory commission but not yet issued.

Nominal Date of Issue (d)	Date of Maturity (e)	AMORTIZATION PERIOD		Outstanding (Total amount outstanding without reduction for amounts held by respondent) (h)	Interest for Year Amount (i)	Line No.
		Date From (f)	Date To (g)			
						1
						2
						3
						4
	04/01/18	08/24/06	04/01/18	14,464,000	986,445	5
						6
	05/20/30	08/24/06	05/20/30	10,000,000	963,000	7
						8
	09/30/22	08/24/06	09/30/22	12,500,000	1,057,500	9
						10
	09/30/22	08/24/06	09/30/22	6,875,000	594,109	11
						12
	12/15/25	08/24/06	12/15/25	10,500,000	843,750	13
						14
	03/15/20	03/15/10	03/15/20	250,000,000	11,893,859	15
						16
	03/15/40	03/15/10	03/15/40	300,000,000	17,115,587	17
						18
						19
						20
						21
						22
						23
						24
						25
						26
						27
						28
						29
						30
						31
						32
				604,339,000	33,454,250	33

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal income tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even though there is no taxable income for the year. Indicate clearly the nature of each reconciling amount.

2. If the utility is a member of a group which files a consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group member, tax assigned to each group member, and basis of allocation, assignment, or sharing of the consolidated tax among the group members.

3. A substitute page, designed to meet a particular need of a company, may be used as long as the data is consistent and meets the requirements of the above instructions. For electronic reporting purposes complete Line 27 and provide the substitute Page in the context of a footnote.

Line No.	Particulars (Details) (a)	Amount (b)
1	Net Income for the Year (Page 117)	39,352,112
2		
3		
4	Taxable Income Not Reported on Books	
5	See details attached	2,254,553
6		
7		
8		
9	Deductions Recorded on Books Not Deducted for Return	
10	See details attached	40,630,633
11		
12		
13		
14	Income Recorded on Books Not Included in Return	
15	See details attached	2,197,068
16		
17		
18		
19	Deductions on Return Not Charged Against Book Income	
20	See details attached	237,257,698
21		
22		
23		
24		
25		
26		
27	Federal Tax Net Income	-138,912,532
28	Show Computation of Tax:	
29	Tax reported on page 114	-39,346,427
30	Tax reported on page 117	1,081,335
31	Total	-38,265,092
32		
33	Current year net allocated tax	-48,619,386
34	Service co. tax	2,113,121
35	Prior year Adjustment	8,241,173
36	Total	-38,265,092
37	Participants in consolidated return of National Grid Holding Inc.	
38	and Subsidiaries	
39	See details attached	-72,591,215
40		
41		
42		
43		
44		

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
The Narragansett Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2011/Q4
FOOTNOTE DATA			

Schedule Page: 261 Line No.: 1 Column: b		
1.	Net Income per Statement of Income, p. 117	39,352,112

Schedule Page: 261 Line No.: 5 Column: b		
2.	Federal Income Taxes	18,304,936
3.	Excess Capital Loss over Capital Gain	0
4.	Taxable Income not Recorded on Books:	
	Contributions in Aid of Construction	2,197,937
	Employee Stock Purchase Plan Discount	56,616
	Total Line 4	2,254,553

Schedule Page: 261 Line No.: 10 Column: b		
5.	Expenses Recorded on Books not Included on Return:	
	Accrued Interest	369,520
	Allowance for Other funds Used During construction Debt	1,848,526
	Deferred Compensation	932,595
	Employee Compensation And Benefits	1,010,666
	Lobbying Expenses	846,702
	Meals and Entertainment	56,600
	Regulatory Asset - Other Postemployment Benefits	11,796,263
	Regulatory Asset - Pension	8,573,530
	Regulatory Asset - Property Taxes	883,333
	Reserve - Environmental	7,267,205
	Reserve - Other	2,303,005
	State Taxes	45
	Unamortized Debt Discount Or Premium	583,758
	Workers' Compensation	249,406
	Other Items	3,909,480
	Total Line 5	40,630,633
6.	Total of Items 1-5	100,542,233

Schedule Page: 261 Line No.: 15 Column: b		
7.	Income Recorded on Books not included on Return:	
	Allowance for Other Funds Used During construction Equity	2,057,442
	Change in Cash Surrender Value	21,006
	Dividend Received Deduction	21,016
	Tax Exempt Interest	97,604

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
The Narragansett Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2011/Q4
FOOTNOTE DATA			

Total Line 7 2,197,068

Schedule Page: 261 Line No.: 20 Column: b

8.	Deductions on Return not Charged Against Book Income:	
	Bad Debts	376,801
	Cost Of Removal	14,926,641
	Depreciation	97,885,667
	Dividends Paid Credit	40,700
	ESOP Dividends	489,624
	Other	7,815,702
	Postemployment Benefits Liability	
	Penalties & Fines	2
	Pension Liability	20,886,688
	Regulatory Asset - Environmental	15,115,543
	Regulatory Asset - Other	303,172
	Regulatory Asset - Storm Cost	32,346,791
	Repairs Deduction	47,001,451
	Vacation Accrual	68,916
	Total Line 8	<u>237,257,698</u>

Schedule Page: 261 Line No.: 27 Column: b

9.	Total of Items 7 & 8	<u>239,454,765</u>
10.	Federal Taxable Income (Item 6 minus Item 9)	(138,912,532)

Schedule Page: 261 Line No.: 39 Column: b

<u>PARTICIPANTS IN CONSOLIDATED RETURN OF NATIONAL GRID HOLDINGS, INC. AND SUBSIDIARIES</u>		<u>Net Allocated Tax</u>
70001	National Grid Holdings, Inc.	(84,264,082)
00001	National Grid USA	(31,497,815)
00041	Granite State Electric Company	(1,962,376)
00005	Massachusetts Electric Company	(23,206,731)
00049	The Narragansett Electric Company	(44,148,280)
00004	Nantucket Electric Company	(16,819)
00077	National Grid Communications Inc.	0
00078	National Grid Wireless Services, Inc.	0
00076	National Grid Wireless Holdings, Inc.	0
70003	National Grid US LLC	3,824
00020	New England Electric Transmission	37,257
00010	New England Power Company	(5,153,961)
00099	National Grid USA Service Company, Inc.	(8,145,397)
00035	Niagara Mohawk Holdings, Inc.	(12,071,670)
00036	Niagara Mohawk Power Corporation	164,690,401
00037	Opinac North America, Inc.	4,174,779
00070	Wayfinder Group, Inc.	(19,487)
00085	NEES Energy, Inc.	(39,526)
00075	NEES Communications, Inc.	0

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
The Narragansett Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2011/Q4
FOOTNOTE DATA			

00021	National Grid Transmission Services Corp.	232
00086	EUA Energy Investment Corp.	17,664
00071	Valley Appliance & Merchandising Company	0
00082	GridAmerica Holdings, Inc.	(1,392)
00092	Prudence Corporation	1,805
00093	Patience Corporation	510
00094	Newport America Corporation	(286)
	Keyspan Corporation and Subsidiaries	<u>(26,518,760)</u>
	Totals	(72,591,215)

CALCULATION OF CURRENT FEDERAL INCOME TAX

Federal Taxable Income, Page 261

	(138,912,532)
Total Tax @ 35% Before Credits	(48,619,386)
Credits:	<u>0</u>
Net Tax After Credits	(48,619,386)
Allocated NEES Benefits	<u>0</u>
Net Allocated Tax	(48,619,386)

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give particulars (details) of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual, or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes.) Enter the amounts in both columns (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to proportions of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See instruction 5) (a)	BALANCE AT BEGINNING OF YEAR		Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)
		Taxes Accrued (Account 236) (b)	Prepaid Taxes (Include in Account 165) (c)			
1	Federal Income		19,991,564	-36,270,789	7,927,719	-64,467,339
2	Federal Unemployment	269		35,605	-44,134	
3	Fed Ins Contribution Act	2,695		5,738,161	-5,626,657	
4	State Gross Earnings Tax	3,261,025		41,957,228	-44,418,322	
5	State Unemp Compensation	2,113		363,780		
6	Real Estate & Personal Prop		460,507	41,820,658	-42,644,299	
7	State Income		19,275		-4,936	-14,339
8	State Sales Tax					
9	State Miscellaneous					
10	Sales and Use Tax	426,065		4,058,123		
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
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26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	3,692,167	20,471,346	57,702,766	-84,810,629	-64,481,678

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes)- covers more then one year, show the required information separately for each tax year, identifying the year in column (a).
 6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a foot- note. Designate debit adjustments by parentheses.
 7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
 8. Report in columns (i) through (l) how the taxes were distributed. Report in column (l) only the amounts charged to Accounts 408.1 and 409.1 pertaining to electric operations. Report in column (l) the amounts charged to Accounts 408.1 and 109.1 pertaining to other utility departments and amounts charged to Accounts 408.2 and 409.2. Also shown in column (l) the taxes charged to utility plant or other balance sheet accounts.
 9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.

BALANCE AT END OF YEAR		DISTRIBUTION OF TAXES CHARGED				Line No.
(Taxes accrued Account 236) (g)	Prepaid Taxes (Incl. in Account 165) (h)	Electric (Account 408.1, 409.1) (i)	Extraordinary Items (Account 409.3) (j)	Adjustments to Ret. Earnings (Account 439) (k)	Other (l)	
277,268	64,190,072	-16,832,520	-1,081,335		-18,356,934	1
-8,190		-433,214			468,819	2
394,623		6,556,133			-817,971	3
799,930						4
6,234		327,877			35,903	5
628,043	500,000	41,749,010			71,648	6
	14,339					7
		43,130,228			-1,173,000	8
					4,001,359	9
133,733		56,762				10
						11
						12
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						15
						16
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						40
2,231,641	64,704,411	74,554,276	-1,081,335		-15,770,176	41

Name of Respondent The Narragansett Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
FOOTNOTE DATA			

Schedule Page: 262 Line No.: 1 Column: f
Negative tax liability balance reclass to prepayment.

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255)

Report below information applicable to Account 255. Where appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustments to the account balance shown in column (g). Include in column (i) the average period over which the tax credits are amortized.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year		Allocations to Current Year's Income		Adjustments (g)
			Account No. (c)	Amount (d)	Account No. (e)	Amount (f)	
1	Electric Utility						
2	3%						
3	4%						
4	7%						
5	10%	1,870,382			411	493,479	
6							
7							
8	TOTAL	1,870,382				493,479	
9	Other (List separately and show 3%, 4%, 7%, 10% and TOTAL)						
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
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47							
48							

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (continued)

Balance at End of Year (h)	Average Period of Allocation to Income (i)	ADJUSTMENT EXPLANATION	Line No.
			1
			2
			3
			4
1,376,903	24 years		5
			6
			7
1,376,903			8
			9
			10
			11
			12
			13
			14
			15
			16
			17
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			46
			47
			48

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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OTHER DEFERRED CREDITS (Account 253)

- Report below the particulars (details) called for concerning other deferred credits.
- For any deferred credit being amortized, show the period of amortization.
- Minor items (5% of the Balance End of Year for Account 253 or amounts less than \$100,000, whichever is greater) may be grouped by classes.

Line No.	Description and Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1						
2	Highway Relocation Billed	1,618,123	107	1,146,441	2,685,108	3,156,790
3						
4	FAS 112	4,023,447	926	152,042	2,323,700	6,195,105
5						
6	FAS 106	116,494,473	various	40,943,127	7,860,474	83,411,820
7						
8	Deferred Compensation	11,188	various	12,741	1,553	
9						
10	Pensions - Non-Qualified	1,507,269	various	175,361	150,954	1,482,862
11						
12	Hazardous Waste Reserves	116,462,963	182,930	8,044,330	12,815,154	121,233,787
13						
14	Deferred Rental Inc.(2003-2015)	983,332	182	200,000		783,332
15						
16	Sales Tax Accrual	2,577,196	708,431	1,338,739	2,156,810	3,395,267
17						
18	Deferred Credits - Miscellaneous	2,236,381	various	8,195,269	9,205,414	3,246,526
19						
20	Other Deferred Credits-Demand	1,229,462	908	10,817	595,610	1,814,255
21	Side Management Rebate					
22	Pension Costs	52,389,074	219	26,489,425	4,435,878	30,335,527
23						
24	Long-Term Interest Payable	263,067	431	90,390	459,910	632,587
25						
26	Deferred Revenue	492,052	454	492,052		
27						
28	Derivative Mark-to-Market	9,449,403	182	9,449,403		
29	Regulated - Long Term					
30	Hazardous Waste Provision	2,365,411	182	1,138,489	3,183,861	4,410,783
31	Unwind Discount					
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44						
45						
46						
47	TOTAL	312,102,841		97,878,626	45,874,426	260,098,641

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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ACCUMULATED DEFERRED INCOME TAXES - ACCELERATED AMORTIZATION PROPERTY (Account 281)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amortizable property.
 2. For other (Specify), include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Accelerated Amortization (Account 281)			
2	Electric			
3	Defense Facilities			
4	Pollution Control Facilities			
5	Other (provide details in footnote):			
6				
7				
8	TOTAL Electric (Enter Total of lines 3 thru 7)			
9	Gas			
10	Defense Facilities			
11	Pollution Control Facilities			
12	Other (provide details in footnote):			
13				
14				
15	TOTAL Gas (Enter Total of lines 10 thru 14)			
16				
17	TOTAL (Acct 281) (Total of 8, 15 and 16)			
18	Classification of TOTAL			
19	Federal Income Tax			
20	State Income Tax			
21	Local Income Tax			

NOTES

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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ACCUMULATED DEFERRED INCOME TAXES _ ACCELERATED AMORTIZATION PROPERTY (Account 281) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
							2
							3
							4
							5
							6
							7
							8
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							10
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							12
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							19
							20
							21

NOTES (Continued)

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282)

- Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization
- For other (Specify), include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 282			
2	Electric	230,563,093	37,030,287	39,853,463
3	Gas	72,557,140	28,143,637	22,269,141
4				
5	TOTAL (Enter Total of lines 2 thru 4)	303,120,233	65,173,924	62,122,604
6				
7				
8				
9	TOTAL Account 282 (Enter Total of lines 5 thru 8)	303,120,233	65,173,924	62,122,604
10	Classification of TOTAL			
11	Federal Income Tax	303,120,233	65,173,924	62,122,604
12	State Income Tax			
13	Local Income Tax			

NOTES

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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ACCUMULATED DEFERRED INCOME TAXES - OTHER PROPERTY (Account 282) (Continued)

3. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
		283	11,251,223			216,488,694	2
				190	68,385	78,500,021	3
							4
			11,251,223		68,385	294,988,715	5
							6
							7
			11,251,223		68,385	294,988,715	8
							9
			11,251,223		68,385	294,988,715	10
							11
			11,251,223		68,385	294,988,715	12
							13

NOTES (Continued)

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)

- Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.
- For other (Specify), include deferrals relating to other income and deductions.

Line No.	Account (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	Regulatory assets - other	31,763,975	45,302,000	29,366,050
4	Other items	6,782,149		
5				
6				
7				
8				
9	TOTAL Electric (Total of lines 3 thru 8)	38,546,124	45,302,000	29,366,050
10	Gas			
11	Regulatory assets - other	9,995,976	77,859,683	31,723,249
12	Other items	2,134,409		
13				
14				
15				
16				
17	TOTAL Gas (Total of lines 11 thru 16)	12,130,385	77,859,683	31,723,249
18				
19	TOTAL (Acct 283) (Enter Total of lines 9, 17 and 18)	50,676,509	123,161,683	61,089,299
20	Classification of TOTAL			
21	Federal Income Tax	50,676,509	117,019,219	54,946,835
22	State Income Tax			
23	Local Income Tax			

NOTES

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283) (Continued)

3. Provide in the space below explanations for Page 276 and 277. Include amounts relating to insignificant items listed under Other.
 4. Use footnotes as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account Credited (g)	Amount (h)	Account Debited (i)	Amount (j)		
							1
							2
		190	19,031,554	282	11,251,223	39,919,594	3
						6,782,149	4
							5
							6
							7
							8
			19,031,554		11,251,223	46,701,743	9
							10
						56,132,410	11
		190	222,785			1,911,624	12
							13
							14
							15
							16
			222,785			58,044,034	17
							18
			19,254,339		11,251,223	104,745,777	19
							20
		190	19,254,339	282	11,251,223	104,745,777	21
							22
							23

NOTES (Continued)

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4	
OTHER REGULATORY LIABILITIES (Account 254)						
<p>1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.</p> <p>2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes.</p> <p>3. For Regulatory Liabilities being amortized, show period of amortization.</p>						
Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	DEBITS		Credits (e)	Balance at End of Current Quarter/Year (f)
			Account Credited (c)	Amount (d)		
1	FAS109	2,123,610	190	278,800		1,844,810
2						
3	Storm Costs	21,932,827	529	116,937,147	84,590,356	-10,413,964
4						
5	Retirement Plan - Purchase Acctg Adj.	26,355,091	253,296	3,754,302	1,697,016	24,297,805
6						
7	Excess Earnings	820,834	495,804	19,160,272	20,511,943	2,172,505
8						
9	Environmental Response Fund	3,930,980	182	7,603,528	4,247,250	574,702
10						
11	Service Quality Penalties	(4)	456	127	419,122	418,991
12						
13	Low Income Discount Program	(30,585)	456	358,487	389,072	
14						
15	Deferred Pension/FAS 106 Amortization	2,367,864	926	174	188,712	2,556,402
16						
17	Def Rev - Nonfirm Margin Sharing	(79,493)	480,431	838,800	1,578,494	660,201
18						
19	Miscellaneous Liabilities				16,852,706	16,852,706
20						
21	Customer Credit Refund Adjustment	6,033,701			2,007,073	8,040,774
22						
23	Capital Tracker	32,101	480	2,211,223	706,488	-1,472,634
24						
25	Gas futures-Gas Supply	1,809,579	182,176	3,698,989	2,166,729	277,319
26						
27	Storage Deferral	(4,349,409)	804	4,747,793	5,441,401	-3,655,801
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	60,947,096		159,589,642	140,796,362	42,153,816

Name of Respondent The Narragansett Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
FOOTNOTE DATA			

Schedule Page: 278 Line No.: 3 Column: a
 Docket number 2504

Schedule Page: 278 Line No.: 7 Column: a
 Docket Number 3943

Schedule Page: 278 Line No.: 9 Column: a
 Docket Number 3617

Schedule Page: 278 Line No.: 11 Column: a
 Service Quality Penalty detail:
 Penalty for 2010 System Average Interruption Duration Index (SAIDI) & 2010 System Average Interruption Frequency Index (SAIFI): \$386,991
 Estimated additional penalty: \$32,000
\$418,991

Docket Number 3628

Schedule Page: 278 Line No.: 13 Column: a
 Docket Number 4226

Schedule Page: 278 Line No.: 17 Column: a
 Docket Number 3943

Schedule Page: 278 Line No.: 19 Column: e
 Miscellaneous Liabilities detail:
 Reserve for deferred Gas Cost calculation: \$4,035,433
 Additional reserve for Gas Cost calculation: \$42,683
 Deferred gas cost adjustment: \$12,774,590
\$16,852,706

Schedule Page: 278 Line No.: 23 Column: a
 Docket Number 3943

Schedule Page: 278 Line No.: 25 Column: a
 Docket Number 3943

Schedule Page: 278 Line No.: 27 Column: a
 Docket Number 3943

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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ELECTRIC OPERATING REVENUES (Account 400)

- The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
- Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
- Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
- If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
- Disclose amounts of \$250,000 or greater in a footnote for accounts 451, 456, and 457.2.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	232,987,893	293,059,626
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	130,022,762	158,455,699
5	Large (or Ind.) (See Instr. 4)	17,625,855	21,913,630
6	(444) Public Street and Highway Lighting	670,124	781,664
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	381,306,634	474,210,619
11	(447) Sales for Resale		
12	TOTAL Sales of Electricity	381,306,634	474,210,619
13	(Less) (449.1) Provision for Rate Refunds	2,979,851	19,446,571
14	TOTAL Revenues Net of Prov. for Refunds	378,326,783	454,764,048
15	Other Operating Revenues		
16	(450) Forfeited Discounts	1,474,450	1,548,906
17	(451) Miscellaneous Service Revenues	83,275,718	72,537,253
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	4,405,990	4,956,273
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	343,214,135	353,397,109
22	(456.1) Revenues from Transmission of Electricity of Others		
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	432,370,293	432,439,541
27	TOTAL Electric Operating Revenues	810,697,076	887,203,589

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4	
ELECTRIC OPERATING REVENUES (Account 400)				
<p>6. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)</p> <p>7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.</p> <p>8. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.</p> <p>9. Include unmetered sales. Provide details of such Sales in a footnote.</p>				
MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	No.
				1
3,064,447	3,082,249	422,691	424,245	2
				3
1,865,594	1,945,653	47,232	47,264	4
262,174	281,013	1,567	1,589	5
9,585	1,875	379	463	6
				7
				8
				9
5,201,800	5,310,790	471,869	473,561	10
				11
5,201,800	5,310,790	471,869	473,561	12
				13
5,201,800	5,310,790	471,869	473,561	14
<p>Line 12, column (b) includes \$ -6,665,500 of unbilled revenues.</p> <p>Line 12, column (d) includes -16,100 MWH relating to unbilled revenues</p>				

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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REGIONAL TRANSMISSION SERVICE REVENUES (Account 457.1)

1. The respondent shall report below the revenue collected for each service (i.e., control area administration, market administration, etc.) performed pursuant to a Commission approved tariff. All amounts separately billed must be detailed below.

Line No.	Description of Service (a)	Balance at End of Quarter 1 (b)	Balance at End of Quarter 2 (c)	Balance at End of Quarter 3 (d)	Balance at End of Year (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
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33					
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35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46	TOTAL				

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4	
SALES OF ELECTRICITY BY RATE SCHEDULES						
<p>1. Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.</p> <p>2. Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.</p> <p>3. Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.</p> <p>4. The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).</p> <p>5. For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.</p> <p>6. Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.</p>						
Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1	Account 440					
2	Res.-Basic A16/R24	2,804,280	213,986,396	380,747	7,365	0.0763
3						
4						
5	Residential A60/R23	269,695	20,447,445	39,693	6,795	0.0758
6	Domestic Service A62/R13					
7	Limited Residential service E30/					
8	Demand Large Customers G32/R23					
9	Street Lighting S10/R22	649	49,675	346	1,876	0.0765
10	Limited Electric Living T06/R16					
11	Demand Temporary Transmission					
12	Rate Refunds-Net	-10,177	-4,489,177			0.4411
13						
14	Total Residential	3,064,447	229,994,339	420,786	7,283	0.0751
15						
16	Account 442					
17	Contracts CON					
18	Residential - Basic A16/R24	11,833	863,549	601	19,689	0.0730
19						
20						
21	Residential A60/R23	22				
22	TOU-2000 KW B32/R24	485	42,209	1	485,000	0.0870
23	TOU-3000 KW B62/R37, R38		31,291			
24	Business Service-Generation C06/R	470,738	35,953,213	41,614	11,312	0.0764
25	Business Service-Unmetered C08/R0	905	71,129	116	7,802	0.0786
26	Limited Residential service-ST E					
27	Business Service Storage Cooling					
28	Gen.Long Hr. Srv. G02/R10	817,597	56,360,124	6,046	135,229	0.0689
29						
30	TOU Demand Large Customers	718,966	46,937,441	480	1,497,846	0.0653
31	TOU Large Services G62/R40	107,056	6,924,560	3	35,685,333	0.0647
32						
33	Street Light Service S10/R22	6,060	463,868	1,732	3,499	0.0765
34	Street Light-Security S14/R35	16	1,233	10	1,600	0.0771
35	Limited Electri Living T08/R16					
36						
37	Electric Propulsion X01/R08					
38	Rate Refunds	-5,909	-6,564,905			1.1110
39	Total Commercial & Industrial	2,127,769	141,083,712	50,603	42,048	0.0663
40						
41	TOTAL Billed	5,201,800	371,661,283	471,869	11,024	0.0714
42	Total Unbilled Rev.(See Instr. 6)	0	6,665,500	0	0	0.0000
43	TOTAL	5,201,800	378,326,783	471,869	11,024	0.0727

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SALES OF ELECTRICITY BY RATE SCHEDULES

- Report below for each rate schedule in effect during the year the MWh of electricity sold, revenue, average number of customer, average Kwh per customer, and average revenue per Kwh, excluding date for Sales for Resale which is reported on Pages 310-311.
- Provide a subheading and total for each prescribed operating revenue account in the sequence followed in "Electric Operating Revenues," Page 300-301. If the sales under any rate schedule are classified in more than one revenue account, List the rate schedule and sales data under each applicable revenue account subheading.
- Where the same customers are served under more than one rate schedule in the same revenue account classification (such as a general residential schedule and an off peak water heating schedule), the entries in column (d) for the special schedule should denote the duplication in number of reported customers.
- The average number of customers should be the number of bills rendered during the year divided by the number of billing periods during the year (12 if all billings are made monthly).
- For any rate schedule having a fuel adjustment clause state in a footnote the estimated additional revenue billed pursuant thereto.
- Report amount of unbilled revenue as of end of year for each applicable revenue account subheading.

Line No.	Number and Title of Rate schedule (a)	MWh Sold (b)	Revenue (c)	Average Number of Customers (d)	KWh of Sales Per Customer (e)	Revenue Per KWh Sold (f)
1						
2	Account 444					
3	Business Service Unmetered C08/R0	1,249	98,482			0.0788
4	Limited Traffic Signal R02/R19					
5	Street Lighting Service S10/R22	938	71,203			0.0759
6	Street Lighting-Overhead S14/R35	7,410	500,439	480	15,438	0.0675
7						
8	Rate Refunds	-13	-86,892			6.6840
9	Total Street Lights	9,584	583,232	480	19,967	0.0609
10						
11						
12						
13						
14						
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27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL Billed	5,201,800	371,661,283	471,869	11,024	0.0714
42	Total Unbilled Rev.(See Instr. 6)	0	6,665,500	0	0	0.0000
43	TOTAL	5,201,800	378,326,783	471,869	11,024	0.0727

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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SALES FOR RESALE (Account 447)

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).

2. Enter the name of the purchaser in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:
 RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.
 LF - for long-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.
 IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.
 SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.
 LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.
 IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
				0	0	0
				0	0	0
				0	0	0

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SALES FOR RESALE (Account 447) (Continued)

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.

AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)

5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.

6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.

7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.

8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401, line 24.

10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total (\$) (h+i+j) (k)	Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)		
					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
0	0	0	0	0	
0	0	0	0	0	
0	0	0	0	0	

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
ELECTRIC OPERATION AND MAINTENANCE EXPENSES				
If the amount for previous year is not derived from previously reported figures, explain in footnote.				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
1	1. POWER PRODUCTION EXPENSES			
2	A. Steam Power Generation			
3	Operation			
4	(500) Operation Supervision and Engineering			
5	(501) Fuel			
6	(502) Steam Expenses			
7	(503) Steam from Other Sources			
8	(Less) (504) Steam Transferred-Cr.			
9	(505) Electric Expenses			
10	(506) Miscellaneous Steam Power Expenses			
11	(507) Rents			
12	(509) Allowances			
13	TOTAL Operation (Enter Total of Lines 4 thru 12)			
14	Maintenance			
15	(510) Maintenance Supervision and Engineering			
16	(511) Maintenance of Structures			
17	(512) Maintenance of Boiler Plant			
18	(513) Maintenance of Electric Plant			
19	(514) Maintenance of Miscellaneous Steam Plant			
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)			
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)			
22	B. Nuclear Power Generation			
23	Operation			
24	(517) Operation Supervision and Engineering			
25	(518) Fuel			
26	(519) Coolants and Water			
27	(520) Steam Expenses			
28	(521) Steam from Other Sources			
29	(Less) (522) Steam Transferred-Cr.			
30	(523) Electric Expenses			
31	(524) Miscellaneous Nuclear Power Expenses			
32	(525) Rents			
33	TOTAL Operation (Enter Total of lines 24 thru 32)			
34	Maintenance			
35	(528) Maintenance Supervision and Engineering			
36	(529) Maintenance of Structures			
37	(530) Maintenance of Reactor Plant Equipment			
38	(531) Maintenance of Electric Plant			
39	(532) Maintenance of Miscellaneous Nuclear Plant			
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)			
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)			
42	C. Hydraulic Power Generation			
43	Operation			
44	(535) Operation Supervision and Engineering			
45	(536) Water for Power			
46	(537) Hydraulic Expenses			
47	(538) Electric Expenses			
48	(539) Miscellaneous Hydraulic Power Generation Expenses			
49	(540) Rents			
50	TOTAL Operation (Enter Total of Lines 44 thru 49)			
51	C. Hydraulic Power Generation (Continued)			
52	Maintenance			
53	(541) Maintenance Supervision and Engineering			
54	(542) Maintenance of Structures			
55	(543) Maintenance of Reservoirs, Dams, and Waterways			
56	(544) Maintenance of Electric Plant			
57	(545) Maintenance of Miscellaneous Hydraulic Plant			
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)			
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)			

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)				
If the amount for previous year is not derived from previously reported figures, explain in footnote.				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
60	D. Other Power Generation			
61	Operation			
62	(546) Operation Supervision and Engineering			
63	(547) Fuel			
64	(548) Generation Expenses			
65	(549) Miscellaneous Other Power Generation Expenses			
66	(550) Rents			
67	TOTAL Operation (Enter Total of lines 62 thru 66)			
68	Maintenance			
69	(551) Maintenance Supervision and Engineering			
70	(552) Maintenance of Structures			
71	(553) Maintenance of Generating and Electric Plant			
72	(554) Maintenance of Miscellaneous Other Power Generation Plant			
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)			
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)			
75	E. Other Power Supply Expenses			
76	(555) Purchased Power	379,416,165		461,843,652
77	(556) System Control and Load Dispatching			
78	(557) Other Expenses			
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	379,416,165		461,843,652
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	379,416,165		461,843,652
81	2. TRANSMISSION EXPENSES			
82	Operation			
83	(560) Operation Supervision and Engineering	-13,639		477,381
84	(561) Load Dispatching	1,131,877		1,151,974
85	(561.1) Load Dispatch-Reliability			
86	(561.2) Load Dispatch-Monitor and Operate Transmission System			
87	(561.3) Load Dispatch-Transmission Service and Scheduling			
88	(561.4) Scheduling, System Control and Dispatch Services	3,154,628		4,813,927
89	(561.5) Reliability, Planning and Standards Development	89,327		45,481
90	(561.6) Transmission Service Studies			
91	(561.7) Generation Interconnection Studies			
92	(561.8) Reliability, Planning and Standards Development Services	442		
93	(562) Station Expenses	388,089		425,796
94	(563) Overhead Lines Expenses	-34,654		197,432
95	(564) Underground Lines Expenses	2,225		650
96	(565) Transmission of Electricity by Others	53,786,297		64,997,517
97	(566) Miscellaneous Transmission Expenses	1,475,460		509,061
98	(567) Rents	485		463
99	TOTAL Operation (Enter Total of lines 83 thru 98)	59,980,537		72,619,682
100	Maintenance			
101	(568) Maintenance Supervision and Engineering	193,368		159,790
102	(569) Maintenance of Structures			224
103	(569.1) Maintenance of Computer Hardware	39,178		24,644
104	(569.2) Maintenance of Computer Software	158,719		49,658
105	(569.3) Maintenance of Communication Equipment	12,799		8,076
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant			
107	(570) Maintenance of Station Equipment	897,446		585,758
108	(571) Maintenance of Overhead Lines	3,449,503		1,157,031
109	(572) Maintenance of Underground Lines	36,172		48,388
110	(573) Maintenance of Miscellaneous Transmission Plant	54,732		175,354
111	TOTAL Maintenance (Total of lines 101 thru 110)	4,841,917		2,208,923
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	64,822,454		74,828,605

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)				
If the amount for previous year is not derived from previously reported figures, explain in footnote.				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
113	3. REGIONAL MARKET EXPENSES			
114	Operation			
115	(575.1) Operation Supervision			
116	(575.2) Day-Ahead and Real-Time Market Facilitation			
117	(575.3) Transmission Rights Market Facilitation			
118	(575.4) Capacity Market Facilitation			
119	(575.5) Ancillary Services Market Facilitation			
120	(575.6) Market Monitoring and Compliance			
121	(575.7) Market Facilitation, Monitoring and Compliance Services			
122	(575.8) Rents			
123	Total Operation (Lines 115 thru 122)			
124	Maintenance			
125	(576.1) Maintenance of Structures and Improvements			
126	(576.2) Maintenance of Computer Hardware			
127	(576.3) Maintenance of Computer Software			
128	(576.4) Maintenance of Communication Equipment			
129	(576.5) Maintenance of Miscellaneous Market Operation Plant			
130	Total Maintenance (Lines 125 thru 129)			
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)			
132	4. DISTRIBUTION EXPENSES			
133	Operation			
134	(580) Operation Supervision and Engineering	2,304,201	1,563,781	
135	(581) Load Dispatching	2,095,007	2,415,165	
136	(582) Station Expenses	2,064,382	3,899,439	
137	(583) Overhead Line Expenses	2,453,522	2,867,970	
138	(584) Underground Line Expenses	1,155,845	1,342,316	
139	(585) Street Lighting and Signal System Expenses	355,260	515,674	
140	(586) Meter Expenses	2,392,653	2,366,973	
141	(587) Customer Installations Expenses	1,435,148	1,531,514	
142	(588) Miscellaneous Expenses	10,984,004	10,556,500	
143	(589) Rents	124,618	141,583	
144	TOTAL Operation (Enter Total of lines 134 thru 143)	25,364,640	27,200,915	
145	Maintenance			
146	(590) Maintenance Supervision and Engineering	67,478	59,020	
147	(591) Maintenance of Structures	34,087	46,400	
148	(592) Maintenance of Station Equipment	2,194,782	2,124,366	
149	(593) Maintenance of Overhead Lines	9,649,130	13,869,263	
150	(594) Maintenance of Underground Lines	465,596	-191,028	
151	(595) Maintenance of Line Transformers	259,647	254,161	
152	(596) Maintenance of Street Lighting and Signal Systems	1,382,866	1,061,565	
153	(597) Maintenance of Meters	264,740	294,847	
154	(598) Maintenance of Miscellaneous Distribution Plant	496	395	
155	TOTAL Maintenance (Total of lines 146 thru 154)	14,318,822	17,518,989	
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	39,683,462	44,719,904	
157	5. CUSTOMER ACCOUNTS EXPENSES			
158	Operation			
159	(901) Supervision	372,751	591,383	
160	(902) Meter Reading Expenses	1,315,420	1,595,389	
161	(903) Customer Records and Collection Expenses	9,144,881	12,050,246	
162	(904) Uncollectible Accounts	11,314,819	11,253,320	
163	(905) Miscellaneous Customer Accounts Expenses	60,262	209,261	
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	22,208,133	25,699,599	

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)				
If the amount for previous year is not derived from previously reported figures, explain in footnote.				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
166	Operation			
167	(907) Supervision	15,082		-6,843
168	(908) Customer Assistance Expenses	33,134,437		25,609,736
169	(909) Informational and Instructional Expenses	2,001,013		1,092,209
170	(910) Miscellaneous Customer Service and Informational Expenses	891,157		726,030
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	36,041,689		27,421,132
172	7. SALES EXPENSES			
173	Operation			
174	(911) Supervision	1,096		
175	(912) Demonstrating and Selling Expenses	685,334		12,775
176	(913) Advertising Expenses			1,336
177	(916) Miscellaneous Sales Expenses	1,067		660
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	687,497		14,771
179	8. ADMINISTRATIVE AND GENERAL EXPENSES			
180	Operation			
181	(920) Administrative and General Salaries	14,212,954		13,747,792
182	(921) Office Supplies and Expenses	12,716,034		11,580,235
183	(Less) (922) Administrative Expenses Transferred-Credit	6,154		-1,097
184	(923) Outside Services Employed	4,767,845		2,726,232
185	(924) Property Insurance	17,202		35,928
186	(925) Injuries and Damages	5,269,120		3,887,173
187	(926) Employee Pensions and Benefits	25,441,684		25,535,420
188	(927) Franchise Requirements			
189	(928) Regulatory Commission Expenses	4,420,373		5,089,589
190	(929) (Less) Duplicate Charges-Cr.			
191	(930.1) General Advertising Expenses	161,170		42,090
192	(930.2) Miscellaneous General Expenses	2,501,965		3,880,559
193	(931) Rents	1,955,091		2,251,891
194	TOTAL Operation (Enter Total of lines 181 thru 193)	71,457,284		68,778,006
195	Maintenance			
196	(935) Maintenance of General Plant	260,470		261,951
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	71,717,754		69,039,957
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	614,577,154		703,567,620

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**PURCHASED POWER (Account 555)
(Including power exchanges)**

- Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
- Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
- In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Florida Power	RQ	1			
2	Dominion Nuclear	RQ	1			
3	Hess Corporation	RQ	1			
4	New England Power	RQ	1			
5	DTE Energy Trading Incorporated	RQ	1			
6	Constellation	RQ	1			
7	Independent Service Operator New Engla	RQ	1			
8	Sempra Energy Trading Group	RQ	1			
9	Transcanada	RQ	1			
10	Renewable Default Service Last Resort	OS	1			
11	ELM Energy	OS	1			
12	Other	OS	1			
13	Alternative Energy-Pontiac Energy	OS	1			
14	Alternative Energy-Valley Hydro	OS	1			
	Total					

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**PURCHASED POWER (Account 555)
(Including power exchanges)**

1. Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.

2. Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	Pawtucket Hydro	OS	1			
2	Blackstone Hydro	OS	1			
3	Renewable SO/TSE	OS	1			
4	Portsmouth Abbey Wind QF 11827	OS	1			
5	International Brotherhood	OS	1			
6	of Electrical Workers Local 99					
7	Town of Portsmouth RI Wind	OS	1			
8	Thundermist Hyropower LLC	OS	1			
9	New England Energies Middletown	OS	1			
10	Public Service Electric & Gas	OS	1			
11						
12						
13						
14						
	Total					

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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PURCHASED POWER(Account 555) (Continued)
 (Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j+k+l) of Settlement (\$) (m)	
568,072					43,012,109	43,012,109	1
66,303				5,361,295		5,361,295	2
752,448				49,035,100		49,035,100	3
					-40,130	-40,130	4
618,973				38,674,300		38,674,300	5
794,908				50,805,899		50,805,899	6
1,171				14,648,866		14,648,866	7
							8
929,152				80,054,707		80,054,707	9
				-9,886		-9,886	10
					96	96	11
					-197,107	-197,107	12
				-883		-883	13
				366,340		366,340	14
5,263,596				334,989,960	44,426,205	379,416,165	

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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PURCHASED POWER(Account 555) (Continued)
 (Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j+k+l) of Settlement (\$) (m)	
				-42,309		-42,309	1
				-87,018		-87,018	2
					1,651,237	1,651,237	3
				-15,032		-15,032	4
				-507		-507	5
							6
				-131,755		-131,755	7
				-325,345		-325,345	8
				-3,214		-3,214	9
1,532,569				96,659,402		96,659,402	10
							11
							12
							13
							14
5,263,596				334,989,960	44,426,205	379,416,165	

Name of Respondent The Narragansett Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
FOOTNOTE DATA			

Schedule Page: 326 Line No.: 10 Column: b Independent Service Operator New England
Schedule Page: 326 Line No.: 11 Column: b Energy from Qualified Facility
Schedule Page: 326 Line No.: 12 Column: b Renewable Energy Credits
Schedule Page: 326 Line No.: 13 Column: b Energy from Qualified Facility
Schedule Page: 326 Line No.: 14 Column: b Energy from Qualified Facility
Schedule Page: 326.1 Line No.: 1 Column: b Energy from Qualified Facility
Schedule Page: 326.1 Line No.: 2 Column: b Energy from Qualified Facility
Schedule Page: 326.1 Line No.: 3 Column: b Renewable Energy Credits
Schedule Page: 326.1 Line No.: 4 Column: b Energy from Qualified Facility
Schedule Page: 326.1 Line No.: 5 Column: b Energy from Qualified Facility
Schedule Page: 326.1 Line No.: 7 Column: b Energy from Qualified Facility
Schedule Page: 326.1 Line No.: 8 Column: b Energy from Qualified Facility
Schedule Page: 326.1 Line No.: 9 Column: b Energy from Qualified Facility
Schedule Page: 326.1 Line No.: 10 Column: b Energy from Qualified Facility

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>	
TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456.1) (Including transactions referred to as 'wheeling')				
<p>1. Report all transmission of electricity, i.e., wheeling, provided for other electric utilities, cooperatives, other public authorities, qualifying facilities, non-traditional utility suppliers and ultimate customers for the quarter.</p> <p>2. Use a separate line of data for each distinct type of transmission service involving the entities listed in column (a), (b) and (c).</p> <p>3. Report in column (a) the company or public authority that paid for the transmission service. Report in column (b) the company or public authority that the energy was received from and in column (c) the company or public authority that the energy was delivered to. Provide the full name of each company or public authority. Do not abbreviate or truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation the respondent has with the entities listed in columns (a), (b) or (c)</p> <p>4. In column (d) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO - Firm Network Service for Others, FNS - Firm Network Transmission Service for Self, LFP - "Long-Term Firm Point to Point Transmission Service, OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point to Point Transmission Reservation, NF - non-firm transmission service, OS - Other Transmission Service and AD - Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.</p>				
Line No.	Payment By (Company of Public Authority) (Footnote Affiliation) (a)	Energy Received From (Company of Public Authority) (Footnote Affiliation) (b)	Energy Delivered To (Company of Public Authority) (Footnote Affiliation) (c)	Statistical Classification (d)
1				
2				
3				
4				
5				
6				
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34				
	TOTAL			

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456)(Continued)
 (Including transactions referred to as 'wheeling')

5. In column (e), identify the FERC Rate Schedule or Tariff Number, On separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (d), is provided.

6. Report receipt and delivery locations for all single contract path, "point to point" transmission service. In column (f), report the designation for the substation, or other appropriate identification for where energy was received as specified in the contract. In column (g) report the designation for the substation, or other appropriate identification for where energy was delivered as specified in the contract.

7. Report in column (h) the number of megawatts of billing demand that is specified in the firm transmission service contract. Demand reported in column (h) must be in megawatts. Footnote any demand not stated on a megawatts basis and explain.

8. Report in column (i) and (j) the total megawatthours received and delivered.

FERC Rate Schedule of Tariff Number (e)	Point of Receipt (Substation or Other Designation) (f)	Point of Delivery (Substation or Other Designation) (g)	Billing Demand (MW) (h)	TRANSFER OF ENERGY		Line No.
				MegaWatt Hours Received (i)	MegaWatt Hours Delivered (j)	
						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
						12
						13
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						33
						34
			0	0		0

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4	
TRANSMISSION OF ELECTRICITY FOR OTHERS (Account 456) (Continued) (Including transactions referred to as 'wheeling')				
<p>9. In column (k) through (n), report the revenue amounts as shown on bills or vouchers. In column (k), provide revenues from demand charges related to the billing demand reported in column (h). In column (l), provide revenues from energy charges related to the amount of energy transferred. In column (m), provide the total revenues from all other charges on bills or vouchers rendered, including out of period adjustments. Explain in a footnote all components of the amount shown in column (m). Report in column (n) the total charge shown on bills rendered to the entity Listed in column (a). If no monetary settlement was made, enter zero (11011) in column (n). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.</p> <p>10. The total amounts in columns (i) and (j) must be reported as Transmission Received and Transmission Delivered for annual report purposes only on Page 401, Lines 16 and 17, respectively.</p> <p>11. Footnote entries and provide explanations following all required data.</p>				
REVENUE FROM TRANSMISSION OF ELECTRICITY FOR OTHERS				
Demand Charges (\$) (k)	Energy Charges (\$) (l)	(Other Charges) (\$) (m)	Total Revenues (\$) (k+l+m) (n)	Line No.
				1
				2
				3
				4
				5
				6
				7
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				9
				10
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				34
0	0	0	0	

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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TRANSMISSION OF ELECTRICITY BY ISO/RTOs

- Report in Column (a) the Transmission Owner receiving revenue for the transmission of electricity by the ISO/RTO.
- Use a separate line of data for each distinct type of transmission service involving the entities listed in Column (a).
- In Column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNO – Firm Network Service for Others, FNS – Firm Network Transmission Service for Self, LFP – Long-Term Firm Point-to-Point Transmission Service, OLF – Other Long-Term Firm Transmission Service, SFP – Short-Term Firm Point-to-Point Transmission Reservation, NF – Non-Firm Transmission Service, OS – Other Transmission Service and AD- Out-of-Period Adjustments. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting periods. Provide an explanation in a footnote for each adjustment. See General Instruction for definitions of codes.
- In column (c) identify the FERC Rate Schedule or tariff Number, on separate lines, list all FERC rate schedules or contract designations under which service, as identified in column (b) was provided.
- In column (d) report the revenue amounts as shown on bills or vouchers.
- Report in column (e) the total revenues distributed to the entity listed in column (a).

Line No.	Payment Received by (Transmission Owner Name) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Total Revenue by Rate Schedule or Tariff (d)	Total Revenue (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
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34					
35					
36					
37					
38					
39					
40	TOTAL				

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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TRANSMISSION OF ELECTRICITY BY OTHERS (Account 565)
 (Including transactions referred to as "wheeling")

1. Report all transmission, i.e. wheeling or electricity provided by other electric utilities, cooperatives, municipalities, other public authorities, qualifying facilities, and others for the quarter.
2. In column (a) report each company or public authority that provided transmission service. Provide the full name of the company, abbreviate if necessary, but do not truncate name or use acronyms. Explain in a footnote any ownership interest in or affiliation with the transmission service provider. Use additional columns as necessary to report all companies or public authorities that provided transmission service for the quarter reported.
3. In column (b) enter a Statistical Classification code based on the original contractual terms and conditions of the service as follows: FNS - Firm Network Transmission Service for Self, LFP - Long-Term Firm Point-to-Point Transmission Reservations. OLF - Other Long-Term Firm Transmission Service, SFP - Short-Term Firm Point-to-Point Transmission Reservations, NF - Non-Firm Transmission Service, and OS - Other Transmission Service. See General Instructions for definitions of statistical classifications.
4. Report in column (c) and (d) the total megawatt hours received and delivered by the provider of the transmission service.
5. Report in column (e), (f) and (g) expenses as shown on bills or vouchers rendered to the respondent. In column (e) report the demand charges and in column (f) energy charges related to the amount of energy transferred. On column (g) report the total of all other charges on bills or vouchers rendered to the respondent, including any out of period adjustments. Explain in a footnote all components of the amount shown in column (g). Report in column (h) the total charge shown on bills rendered to the respondent. If no monetary settlement was made, enter zero in column (h). Provide a footnote explaining the nature of the non-monetary settlement, including the amount and type of energy or service rendered.
6. Enter "TOTAL" in column (a) as the last line.
7. Footnote entries and provide explanations following all required data.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	TRANSFER OF ENERGY		EXPENSES FOR TRANSMISSION OF ELECTRICITY BY OTHERS			
			Megawatt-hours Received (c)	Megawatt-hours Delivered (d)	Demand Charges (\$) (e)	Energy Charges (\$) (f)	Other Charges (\$) (g)	Total Cost of Transmission (\$) (h)
1	Independent Service	FNS					91,676,533	91,676,533
2	Operator New England							
3	New England Power	FNS					22,978,283	22,978,283
4								
5	Facility Credits	FNS					-60,868,519	-60,868,519
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
	TOTAL						53,786,297	53,786,297

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
MISCELLANEOUS GENERAL EXPENSES (Account 930.2) (ELECTRIC)				
Line No.	Description (a)	Amount (b)		
1	Industry Association Dues			
2	Nuclear Power Research Expenses			
3	Other Experimental and General Research Expenses	137,550		
4	Pub & Dist Info to Stkhldrs...expn servicing outstanding Securities			
5	Oth Expn >=5,000 show purpose, recipient, amount. Group if < \$5,000			
6	Hazardous Waste Accruals-Environmental Response	2,052,000		
7	Hazardous Waste Accruals-Other	420,538		
8	Corporate Matters Contracts	10,806		
9	Meter Data Services	224,962		
10	Associated Company Billing	28,094		
11	Reversal of RI Dot Billing Dispute accrual	-400,000		
12	Other miscellaneous	28,015		
13				
14				
15				
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46	TOTAL	2,501,965		

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Account 403, 404, 405)
 (Except amortization of acquisition adjustments)

1. Report in section A for the year the amounts for : (b) Depreciation Expense (Account 403; (c) Depreciation Expense for Asset Retirement Costs (Account 403.1; (d) Amortization of Limited-Term Electric Plant (Account 404); and (e) Amortization of Other Electric Plant (Account 405).

2. Report in Section 8 the rates used to compute amortization charges for electric plant (Accounts 404 and 405). State the basis used to compute charges and whether any changes have been made in the basis or rates used from the preceding report year.

3. Report all available information called for in Section C every fifth year beginning with report year 1971, reporting annually only changes to columns (c) through (g) from the complete report of the preceding year.
 Unless composite depreciation accounting for total depreciable plant is followed, list numerically in column (a) each plant subaccount, account or functional classification, as appropriate, to which a rate is applied. Identify at the bottom of Section C the type of plant included in any sub-account used.
 In column (b) report all depreciable plant balances to which rates are applied showing subtotals by functional Classifications and showing composite total. Indicate at the bottom of section C the manner in which column balances are obtained. If average balances, state the method of averaging used.
 For columns (c), (d), and (e) report available information for each plant subaccount, account or functional classification Listed in column (a). If plant mortality studies are prepared to assist in estimating average service Lives, show in column (f) the type mortality curve selected as most appropriate for the account and in column (g), if available, the weighted average remaining life of surviving plant. If composite depreciation accounting is used, report available information called for in columns (b) through (g) on this basis.
 4. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state at the bottom of section C the amounts and nature of the provisions and the plant items to which related.

A. Summary of Depreciation and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Depreciation Expense for Asset Retirement Costs (Account 403.1) (c)	Amortization of Limited Term Electric Plant (Account 404) (d)	Amortization of Other Electric Plant (Acc 405) (e)	Total (f)
1	Intangible Plant					
2	Steam Production Plant					
3	Nuclear Production Plant					
4	Hydraulic Production Plant-Conventional					
5	Hydraulic Production Plant-Pumped Storage					
6	Other Production Plant					
7	Transmission Plant	6,242,043				6,242,043
8	Distribution Plant	39,615,800	2,247			39,618,047
9	Regional Transmission and Market Operation	2,568,138				2,568,138
10	General Plant					
11	Common Plant-Electric					
12	TOTAL	48,425,981	2,247			48,428,228

B. Basis for Amortization Charges

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DEPRECIATION AND AMORTIZATION OF ELECTRIC PLANT (Continued)							
C. Factors Used in Estimating Depreciation Charges							
Line No.	Account No. (a)	Depreciable Plant Base (In Thousands) (b)	Estimated Avg. Service Life (c)	Net Salvage (Percent) (d)	Applied Depr. rates (Percent) (e)	Mortality Curve Type (f)	Average Remaining Life (g)
12	Transmission Plant						
13	352	21,395	50.00		1.41	R4	18.68
14	353	149,872	55.00		1.90	L0	48.54
15	354	1,562	50.00			R4	19.94
16	355	64,714	45.00		2.60	S2	32.98
17	356	42,391	40.00		2.29	S1.5	26.29
18	357	4,830	50.00		2.15	R4	31.50
19	358	27,192	40.00		2.47	L2	24.56
20	359	492	60.00		1.15	R5	18.14
21							
22	Distribution Plant						
23	361	8,060	50.00		2.27	R4	24.90
24	362	174,903	35.00		1.97	SC	26.07
25	364	193,788	25.00		3.58	SC	17.66
26	365	264,290	35.00		3.20	L4	20.54
27	366	64,645	60.00		1.88	S4	41.20
28	367	143,514	45.00		3.43	L0	37.79
29	368	163,944	25.00		4.01	S2	13.11
30	369	79,239	25.00		3.44	S4	11.48
31	370	51,184	30.00		5.26	R2.5	17.69
32	373	53,261	25.00		5.65	R3	11.50
33							
34	General Plant						
35	390	25,818	40.00		2.24	L.05	27.29
36	391	35	20.00		1.37	SQ	8.61
37	392	662	20.00		2.67	SQ	
38	393	108	20.00		4.97	SQ	9.58
39	394	1,509	20.00		4.26	SQ	11.15
40	395	1,499	20.00		6.67	SQ	14.79
41	397	26,466	20.00		4.66	SQ	8.13
42	398	35	20.00		2.87	SQ	6.56
43	399	12	20.00			SQ	
44							
45							
46							
47	Total	1,565,420					
48							
49							
50							

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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REGULATORY COMMISSION EXPENSES

1. Report particulars (details) of regulatory commission expenses incurred during the current year (or incurred in previous years, if being amortized) relating to format cases before a regulatory body, or cases in which such a body was a party.
 2. Report in columns (b) and (c), only the current year's expenses that are not deferred and the current year's amortization of amounts deferred in previous years.

Line No.	Description (Furnish name of regulatory commission or body the docket or case number and a description of the case) (a)	Assessed by Regulatory Commission (b)	Expenses of Utility (c)	Total Expense for Current Year (b) + (c) (d)	Deferred in Account 182.3 at Beginning of Year (e)
1	Proportionate Share of Expenses Appropriated	3,010,201		3,010,201	
2	for the Public Utilities Commission & Division				
3	of Public Utilities for Calendar Year 2010				
4					
5	Reimbursable Expenses Incurred by the				
6	Public Utility Commission in				
7	Accordance with Title 39, Chapter 1 Section 26				
8	of the Rhode Island General Laws of 1956,				
9	as Ammended				
10					
11	Labor and Expenses: Preparation and Filing				
12	of Quarterly Earnings Report with the		1,410,172	1,410,172	
13	Rhode Island Public Utility Commission				
14					
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37					
38					
39					
40					
41					
42					
43					
44					
45					
46	TOTAL	3,010,201	1,410,172	4,420,373	

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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REGULATORY COMMISSION EXPENSES (Continued)

3. Show in column (k) any expenses incurred in prior years which are being amortized. List in column (a) the period of amortization.
4. List in column (f), (g), and (h) expenses incurred during year which were charged currently to income, plant, or other accounts.
5. Minor items (less than \$25,000) may be grouped.

EXPENSES INCURRED DURING YEAR			AMORTIZED DURING YEAR				Line No.
CURRENTLY CHARGED TO			Deferred to Account 182.3 (i)	Contra Account (j)	Amount (k)	Deferred in Account 182.3 End of Year (l)	
Department (f)	Account No. (g)	Amount (h)					
Electric	928	3,010,201					1
							2
							3
							4
							5
							6
							7
							8
							9
							10
Electric	928	1,410,172					11
							12
							13
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							17
							18
							19
							20
							21
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		4,420,373					45
							46

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES

1. Describe and show below costs incurred and accounts charged during the year for technological research, development, and demonstration (R, D & D) project initiated, continued or concluded during the year. Report also support given to others during the year for jointly-sponsored projects. (Identify recipient regardless of affiliation.) For any R, D & D work carried with others, show separately the respondent's cost for the year and cost chargeable to others (See definition of research, development, and demonstration in Uniform System of Accounts).

2. Indicate in column (a) the applicable classification, as shown below:

Classifications:

- | | |
|--|--|
| A. Electric R, D & D Performed Internally: | a. Overhead |
| (1) Generation | b. Underground |
| a. hydroelectric | (3) Distribution |
| i. Recreation fish and wildlife | (4) Regional Transmission and Market Operation |
| ii Other hydroelectric | (5) Environment (other than equipment) |
| b. Fossil-fuel steam | (6) Other (Classify and include items in excess of \$50,000.) |
| c. Internal combustion or gas turbine | (7) Total Cost Incurred |
| d. Nuclear | B. Electric, R, D & D Performed Externally: |
| e. Unconventional generation | (1) Research Support to the electrical Research Council or the Electric Power Research Institute |
| f. Siting and heat rejection | |
| (2) Transmission | |

Line No.	Classification (a)	Description (b)
1	Electric Utility	
2	A. Research & Development performed internally	
3		
4	6) Other	Research & Development operation
5		
6		Research & Development distributed generation
7		
8		Renewables-Demand Side Management
9		
10		Research & Development related activities
11		
12		Research & Development project cost tracking
13		
14		
15		
16		
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Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACTIVITIES (Continued)

(2) Research Support to Edison Electric Institute
 (3) Research Support to Nuclear Power Groups
 (4) Research Support to Others (Classify)
 (5) Total Cost Incurred

3. Include in column (c) all R, D & D items performed internally and in column (d) those items performed outside the company costing \$50,000 or more, briefly describing the specific area of R, D & D (such as safety, corrosion control, pollution, automation, measurement, insulation, type of appliance, etc.). Group items under \$50,000 by classifications and indicate the number of items grouped. Under Other, (A (6) and B (4)) classify items by type of R, D & D activity.

4. Show in column (e) the account number charged with expenses during the year or the account to which amounts were capitalized during the year, listing Account 107, Construction Work in Progress, first. Show in column (f) the amounts related to the account charged in column (e)

5. Show in column (g) the total unamortized accumulating of costs of projects. This total must equal the balance in Account 188, Research, Development, and Demonstration Expenditures, Outstanding at the end of the year.

6. If costs have not been segregated for R, D & D activities or projects, submit estimates for columns (c), (d), and (f) with such amounts identified by "Est."

7. Report separately research and related testing facilities operated by the respondent.

Costs Incurred Internally Current Year (c)	Costs Incurred Externally Current Year (d)	AMOUNTS CHARGED IN CURRENT YEAR		Unamortized Accumulation (g)	Line No.
		Account (e)	Amount (f)		
					1
					2
					3
8,267	135,336	921/930	143,603		4
					5
	769	921/930	769		6
					7
					8
					9
	4,127	930.1	4,127		10
					11
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Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to Utility Departments, Construction, Plant Removals, and Other Accounts, and enter such amounts in the appropriate lines and columns provided. In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production			
4	Transmission	199,221		
5	Regional Market			
6	Distribution	10,307,918		
7	Customer Accounts	1,877,931		
8	Customer Service and Informational	393,078		
9	Sales	15,875		
10	Administrative and General	1,355,396		
11	TOTAL Operation (Enter Total of lines 3 thru 10)	14,149,419		
12	Maintenance			
13	Production			
14	Transmission	345,182		
15	Regional Market			
16	Distribution	11,523,136		
17	Administrative and General			
18	TOTAL Maintenance (Total of lines 13 thru 17)	11,868,318		
19	Total Operation and Maintenance			
20	Production (Enter Total of lines 3 and 13)			
21	Transmission (Enter Total of lines 4 and 14)	544,403		
22	Regional Market (Enter Total of Lines 5 and 15)			
23	Distribution (Enter Total of lines 6 and 16)	21,831,054		
24	Customer Accounts (Transcribe from line 7)	1,877,931		
25	Customer Service and Informational (Transcribe from line 8)	393,078		
26	Sales (Transcribe from line 9)	15,875		
27	Administrative and General (Enter Total of lines 10 and 17)	1,355,396		
28	TOTAL Oper. and Maint. (Total of lines 20 thru 27)	26,017,737	221,428	26,239,165
29	Gas			
30	Operation			
31	Production-Manufactured Gas			
32	Production-Nat. Gas (Including Expl. and Dev.)			
33	Other Gas Supply			
34	Storage, LNG Terminaling and Processing			
35	Transmission	16,866		
36	Distribution			
37	Customer Accounts	575		
38	Customer Service and Informational			
39	Sales			
40	Administrative and General			
41	TOTAL Operation (Enter Total of lines 31 thru 40)	17,441		
42	Maintenance			
43	Production-Manufactured Gas			
44	Production-Natural Gas (Including Exploration and Development)			
45	Other Gas Supply			
46	Storage, LNG Terminaling and Processing			
47	Transmission			

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DISTRIBUTION OF SALARIES AND WAGES (Continued)					
Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll charged for Clearing Accounts (c)	Total (d)	
48	Distribution				
49	Administrative and General				
50	TOTAL Maint. (Enter Total of lines 43 thru 49)				
51	Total Operation and Maintenance				
52	Production-Manufactured Gas (Enter Total of lines 31 and 43)				
53	Production-Natural Gas (Including Expl. and Dev.) (Total lines 32,				
54	Other Gas Supply (Enter Total of lines 33 and 45)				
55	Storage, LNG Terminaling and Processing (Total of lines 31 thru				
56	Transmission (Lines 35 and 47)	16,866			
57	Distribution (Lines 36 and 48)				
58	Customer Accounts (Line 37)	575			
59	Customer Service and Informational (Line 38)				
60	Sales (Line 39)				
61	Administrative and General (Lines 40 and 49)				
62	TOTAL Operation and Maint. (Total of lines 52 thru 61)	17,441	2,298		19,739
63	Other Utility Departments				
64	Operation and Maintenance				
65	TOTAL All Utility Dept. (Total of lines 28, 62, and 64)	26,035,178	223,726		26,258,904
66	Utility Plant				
67	Construction (By Utility Departments)				
68	Electric Plant	11,736,850	99,888		11,836,738
69	Gas Plant				
70	Other (provide details in footnote):				
71	TOTAL Construction (Total of lines 68 thru 70)	11,736,850	99,888		11,836,738
72	Plant Removal (By Utility Departments)				
73	Electric Plant	2,317,460	19,723		2,337,183
74	Gas Plant				
75	Other (provide details in footnote):				
76	TOTAL Plant Removal (Total of lines 73 thru 75)	2,317,460	19,723		2,337,183
77	Other Accounts (Specify, provide details in footnote):				
78	Assoc. Co Receivable	5,105,338	43,450		5,148,788
79	Other Misc receivable - Electric	146,125	1,244		147,369
80	Prelim. Engineering - Electric	-9,492	-81		-9,573
81	Expense Non Utility - Electric	823,603	7,009		830,612
82					
83					
84					
85					
86					
87					
88					
89					
90					
91					
92					
93					
94					
95	TOTAL Other Accounts	6,065,574	51,622		6,117,196
96	TOTAL SALARIES AND WAGES	46,155,062	394,959		46,550,021

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COMMON UTILITY PLANT AND EXPENSES

1. Describe the property carried in the utility's accounts as common utility plant and show the book cost of such plant at end of year classified by accounts as provided by Plant Instruction 13, Common Utility Plant, of the Uniform System of Accounts. Also show the allocation of such plant costs to the respective departments using the common utility plant and explain the basis of allocation used, giving the allocation factors.
2. Furnish the accumulated provisions for depreciation and amortization at end of year, showing the amounts and classifications of such accumulated provisions, and amounts allocated to utility departments using the Common utility plant to which such accumulated provisions relate, including explanation of basis of allocation and factors used.
3. Give for the year the expenses of operation, maintenance, rents, depreciation, and amortization for common utility plant classified by accounts as provided by the Uniform System of Accounts. Show the allocation of such expenses to the departments using the common utility plant to which such expenses are related. Explain the basis of allocation used and give the factors of allocation.
4. Give date of approval by the Commission for use of the common utility plant classification and reference to order of the Commission or other authorization.

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AMOUNTS INCLUDED IN ISO/RTO SETTLEMENT STATEMENTS

1. The respondent shall report below the details called for concerning amounts it recorded in Account 555, Purchase Power, and Account 447, Sales for Resale, for items shown on ISO/RTO Settlement Statements. Transactions should be separately netted for each ISO/RTO administered energy market for purposes of determining whether an entity is a net seller or purchaser in a given hour. Net megawatt hours are to be used as the basis for determining whether a net purchase or sale has occurred. In each monthly reporting period, the hourly sale and purchase net amounts are to be aggregated and separately reported in Account 447, Sales for Resale, or Account 555, Purchased Power, respectively.

Line No.	Description of Item(s) (a)	Balance at End of Quarter 1 (b)	Balance at End of Quarter 2 (c)	Balance at End of Quarter 3 (d)	Balance at End of Year (e)
1	Energy				
2	Net Purchases (Account 555)				
3	Net Sales (Account 447)				
4	Transmission Rights				
5	Ancillary Services				
6	Other Items (list separately)				
7					
8					
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41					
42					
43					
44					
45					
46	TOTAL				

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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PURCHASES AND SALES OF ANCILLARY SERVICES

Report the amounts for each type of ancillary service shown in column (a) for the year as specified in Order No. 888 and defined in the respondents Open Access Transmission Tariff.

In columns for usage, report usage-related billing determinant and the unit of measure.

- (1) On line 1 columns (b), (c), (d), (e), (f) and (g) report the amount of ancillary services purchased and sold during the year.
- (2) On line 2 columns (b) (c), (d), (e), (f), and (g) report the amount of reactive supply and voltage control services purchased and sold during the year.
- (3) On line 3 columns (b) (c), (d), (e), (f), and (g) report the amount of regulation and frequency response services purchased and sold during the year.
- (4) On line 4 columns (b), (c), (d), (e), (f), and (g) report the amount of energy imbalance services purchased and sold during the year.
- (5) On lines 5 and 6, columns (b), (c), (d), (e), (f), and (g) report the amount of operating reserve spinning and supplement services purchased and sold during the period.
- (6) On line 7 columns (b), (c), (d), (e), (f), and (g) report the total amount of all other types ancillary services purchased or sold during the year. Include in a footnote and specify the amount for each type of other ancillary service provided.

Line No.	Type of Ancillary Service (a)	Amount Purchased for the Year			Amount Sold for the Year		
		Usage - Related Billing Determinant			Usage - Related Billing Determinant		
		Number of Units (b)	Unit of Measure (c)	Dollars (d)	Number of Units (e)	Unit of Measure (f)	Dollars (g)
1	Scheduling, System Control and Dispatch						
2	Reactive Supply and Voltage						
3	Regulation and Frequency Response						
4	Energy Imbalance						
5	Operating Reserve - Spinning						
6	Operating Reserve - Supplement						
7	Other						
8	Total (Lines 1 thru 7)						

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MONTHLY TRANSMISSION SYSTEM PEAK LOAD

(1) Report the monthly peak load on the respondent's transmission system. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
 (2) Report on Column (b) by month the transmission system's peak load.
 (3) Report on Columns (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
 (4) Report on Columns (e) through (j) by month the system' monthly maximum megawatt load by statistical classifications. See General Instruction for the definition of each statistical classification.

NAME OF SYSTEM:

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Firm Network Service for Self (e)	Firm Network Service for Others (f)	Long-Term Firm Point-to-point Reservations (g)	Other Long-Term Firm Service (h)	Short-Term Firm Point-to-point Reservation (i)	Other Service (j)
1	January									
2	February									
3	March									
4	Total for Quarter 1									
5	April									
6	May									
7	June									
8	Total for Quarter 2									
9	July									
10	August									
11	September									
12	Total for Quarter 3									
13	October									
14	November									
15	December									
16	Total for Quarter 4									
17	Total Year to Date/Year									

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MONTHLY ISO/RTO TRANSMISSION SYSTEM PEAK LOAD

- (1) Report the monthly peak load on the respondent's transmission system. If the Respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.
 (2) Report on Column (b) by month the transmission system's peak load.
 (3) Report on Column (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).
 (4) Report on Columns (e) through (i) by month the system's transmission usage by classification. Amounts reported as Through and Out Service in Column (g) are to be excluded from those amounts reported in Columns (e) and (f).
 (5) Amounts reported in Column (j) for Total Usage is the sum of Columns (h) and (i).

NAME OF SYSTEM:

Line No.	Month (a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Imports into ISO/RTO (e)	Exports from ISO/RTO (f)	Through and Out Service (g)	Network Service Usage (h)	Point-to-Point Service Usage (i)	Total Usage (j)
1	January									
2	February									
3	March									
4	Total for Quarter 1									
5	April									
6	May									
7	June									
8	Total for Quarter 2									
9	July									
10	August									
11	September									
12	Total for Quarter 3									
13	October									
14	November									
15	December									
16	Total for Quarter 4									
17	Total Year to Date/Year									

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ELECTRIC ENERGY ACCOUNT					
Report below the information called for concerning the disposition of electric energy generated, purchased, exchanged and wheeled during the year.					
Line No.	Item (a)	MegaWatt Hours (b)	Line No.	Item (a)	MegaWatt Hours (b)
1	SOURCES OF ENERGY		21	DISPOSITION OF ENERGY	
2	Generation (Excluding Station Use):		22	Sales to Ultimate Consumers (Including Interdepartmental Sales)	5,201,800
3	Steam		23	Requirements Sales for Resale (See instruction 4, page 311.)	
4	Nuclear		24	Non-Requirements Sales for Resale (See instruction 4, page 311.)	
5	Hydro-Conventional		25	Energy Furnished Without Charge	
6	Hydro-Pumped Storage		26	Energy Used by the Company (Electric Dept Only, Excluding Station Use)	10,108
7	Other		27	Total Energy Losses	51,688
8	Less Energy for Pumping		28	TOTAL (Enter Total of Lines 22 Through 27) (MUST EQUAL LINE 20)	5,263,596
9	Net Generation (Enter Total of lines 3 through 8)				
10	Purchases	5,263,596			
11	Power Exchanges:				
12	Received				
13	Delivered				
14	Net Exchanges (Line 12 minus line 13)				
15	Transmission For Other (Wheeling)				
16	Received				
17	Delivered				
18	Net Transmission for Other (Line 16 minus line 17)				
19	Transmission By Others Losses				
20	TOTAL (Enter Total of lines 9, 10, 14, 18 and 19)	5,263,596			

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MONTHLY PEAKS AND OUTPUT

1. Report the monthly peak load and energy output. If the respondent has two or more power which are not physically integrated, furnish the required information for each non- integrated system.
2. Report in column (b) by month the system's output in Megawatt hours for each month.
3. Report in column (c) by month the non-requirements sales for resale. Include in the monthly amounts any energy losses associated with the sales.
4. Report in column (d) by month the system's monthly maximum megawatt load (60 minute integration) associated with the system.
5. Report in column (e) and (f) the specified information for each monthly peak load reported in column (d).

NAME OF SYSTEM:

Line No.	Month (a)	Total Monthly Energy (b)	Monthly Non-Requirements Sales for Resale & Associated Losses (c)	MONTHLY PEAK		
				Megawatts (See Instr. 4) (d)	Day of Month (e)	Hour (f)
29	January	451,424		1,315	24	19
30	February	410,293		1,257	1	18
31	March	413,444		1,176	3	19
32	April	369,151		1,035	1	11
33	May	361,063		1,295	31	17
34	June	441,498		1,565	8	17
35	July	588,179		1,935	22	16
36	August	493,879		1,668	1	15
37	September	434,806		1,386	14	16
38	October	397,905		1,109	10	20
39	November	402,183		1,135	23	18
40	December	437,975		1,235	19	18
41	TOTAL	5,201,800				

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STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants)							
1. Report data for plant in Service only. 2. Large plants are steam plants with installed capacity (name plate rating) of 25,000 Kw or more. Report in this page gas-turbine and internal combustion plants of 10,000 Kw or more, and nuclear plants. 3. Indicate by a footnote any plant leased or operated as a joint facility. 4. If net peak demand for 60 minutes is not available, give data which is available, specifying period. 5. If any employees attend more than one plant, report on line 11 the approximate average number of employees assignable to each plant. 6. If gas is used and purchased on a term basis report the Btu content or the gas and the quantity of fuel burned converted to Mct. 7. Quantities of fuel burned (Line 38) and average cost per unit of fuel burned (Line 41) must be consistent with charges to expense accounts 501 and 547 (Line 42) as show on Line 20. 8. If more than one fuel is burned in a plant furnish only the composite heat rate for all fuels burned.							
Line No.	Item (a)	Plant Name: (b)	Plant Name: (c)				
1	Kind of Plant (Internal Comb, Gas Turb, Nuclear)						
2	Type of Constr (Conventional, Outdoor, Boiler, etc)						
3	Year Originally Constructed						
4	Year Last Unit was Installed						
5	Total Installed Cap (Max Gen Name Plate Ratings-MW)			0.00			0.00
6	Net Peak Demand on Plant - MW (60 minutes)			0			0
7	Plant Hours Connected to Load			0			0
8	Net Continuous Plant Capability (Megawatts)			0			0
9	When Not Limited by Condenser Water			0			0
10	When Limited by Condenser Water			0			0
11	Average Number of Employees			0			0
12	Net Generation, Exclusive of Plant Use - KWh			0			0
13	Cost of Plant: Land and Land Rights			0			0
14	Structures and Improvements			0			0
15	Equipment Costs			0			0
16	Asset Retirement Costs			0			0
17	Total Cost			0			0
18	Cost per KW of Installed Capacity (line 17/5) Including			0			0
19	Production Expenses: Oper, Supv, & Engr			0			0
20	Fuel			0			0
21	Coolants and Water (Nuclear Plants Only)			0			0
22	Steam Expenses			0			0
23	Steam From Other Sources			0			0
24	Steam Transferred (Cr)			0			0
25	Electric Expenses			0			0
26	Misc Steam (or Nuclear) Power Expenses			0			0
27	Rents			0			0
28	Allowances			0			0
29	Maintenance Supervision and Engineering			0			0
30	Maintenance of Structures			0			0
31	Maintenance of Boiler (or reactor) Plant			0			0
32	Maintenance of Electric Plant			0			0
33	Maintenance of Misc Steam (or Nuclear) Plant			0			0
34	Total Production Expenses			0			0
35	Expenses per Net KWh			0.0000			0.0000
36	Fuel: Kind (Coal, Gas, Oil, or Nuclear)						
37	Unit (Coal-tons/Oil-barrel/Gas-mcf/Nuclear-indicate)						
38	Quantity (Units) of Fuel Burned	0	0	0	0	0	0
39	Avg Heat Cont - Fuel Burned (btu/indicate if nuclear)	0	0	0	0	0	0
40	Avg Cost of Fuel/unit, as Delvd f.o.b. during year	0.000	0.000	0.000	0.000	0.000	0.000
41	Average Cost of Fuel per Unit Burned	0.000	0.000	0.000	0.000	0.000	0.000
42	Average Cost of Fuel Burned per Million BTU	0.000	0.000	0.000	0.000	0.000	0.000
43	Average Cost of Fuel Burned per KWh Net Gen	0.000	0.000	0.000	0.000	0.000	0.000
44	Average BTU per KWh Net Generation	0.000	0.000	0.000	0.000	0.000	0.000

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STEAM-ELECTRIC GENERATING PLANT STATISTICS (Large Plants) (Continued)

9. Items under Cost of Plant are based on U. S. of A. Accounts. Production expenses do not include Purchased Power, System Control and Load Dispatching, and Other Expenses Classified as Other Power Supply Expenses. 10. For IC and GT plants, report Operating Expenses, Account Nos. 547 and 549 on Line 25 "Electric Expenses," and Maintenance Account Nos. 553 and 554 on Line 32, "Maintenance of Electric Plant." Indicate plants designed for peak load service. Designate automatically operated plants. 11. For a plant equipped with combinations of fossil fuel steam, nuclear steam, hydro, internal combustion or gas-turbine equipment, report each as a separate plant. However, if a gas-turbine unit functions in a combined cycle operation with a conventional steam unit, include the gas-turbine with the steam plant. 12. If a nuclear power generating plant, briefly explain by footnote (a) accounting method for cost of power generated including any excess costs attributed to research and development; (b) types of cost units used for the various components of fuel cost; and (c) any other informative data concerning plant type fuel used, fuel enrichment type and quantity for the report period and other physical and operating characteristics of plant.

Plant Name: (d)	Plant Name: (e)	Plant Name: (f)	Line No.
			1
			2
			3
			4
0.00	0.00	0.00	5
0	0	0	6
0	0	0	7
0	0	0	8
0	0	0	9
0	0	0	10
0	0	0	11
0	0	0	12
0	0	0	13
0	0	0	14
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0	0	0	29
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0	0	0	31
0	0	0	32
0	0	0	33
0	0	0	34
0.0000	0.0000	0.0000	35
			36
			37
0	0	0	38
0	0	0	39
0.000	0.000	0.000	40
0.000	0.000	0.000	41
0.000	0.000	0.000	42
0.000	0.000	0.000	43
0.000	0.000	0.000	44

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HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants)					
<p>1. Large plants are hydro plants of 10,000 Kw or more of installed capacity (name plate ratings)</p> <p>2. If any plant is leased, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, indicate such facts in a footnote. If licensed project, give project number.</p> <p>3. If net peak demand for 60 minutes is not available, give that which is available specifying period.</p> <p>4. If a group of employees attends more than one generating plant, report on line 11 the approximate average number of employees assignable to each plant.</p>					
Line No.	Item (a)	FERC Licensed Project No. Plant Name: (b)	0	FERC Licensed Project No. Plant Name: (c)	0
1	Kind of Plant (Run-of-River or Storage)				
2	Plant Construction type (Conventional or Outdoor)				
3	Year Originally Constructed				
4	Year Last Unit was Installed				
5	Total installed cap (Gen name plate Rating in MW)		0.00		0.00
6	Net Peak Demand on Plant-Megawatts (60 minutes)		0		0
7	Plant Hours Connect to Load		0		0
8	Net Plant Capability (in megawatts)				
9	(a) Under Most Favorable Oper Conditions		0		0
10	(b) Under the Most Adverse Oper Conditions		0		0
11	Average Number of Employees		0		0
12	Net Generation, Exclusive of Plant Use - Kwh		0		0
13	Cost of Plant				
14	Land and Land Rights		0		0
15	Structures and Improvements		0		0
16	Reservoirs, Dams, and Waterways		0		0
17	Equipment Costs		0		0
18	Roads, Railroads, and Bridges		0		0
19	Asset Retirement Costs		0		0
20	TOTAL cost (Total of 14 thru 19)		0		0
21	Cost per KW of Installed Capacity (line 20 / 5)		0.0000		0.0000
22	Production Expenses				
23	Operation Supervision and Engineering		0		0
24	Water for Power		0		0
25	Hydraulic Expenses		0		0
26	Electric Expenses		0		0
27	Misc Hydraulic Power Generation Expenses		0		0
28	Rents		0		0
29	Maintenance Supervision and Engineering		0		0
30	Maintenance of Structures		0		0
31	Maintenance of Reservoirs, Dams, and Waterways		0		0
32	Maintenance of Electric Plant		0		0
33	Maintenance of Misc Hydraulic Plant		0		0
34	Total Production Expenses (total 23 thru 33)		0		0
35	Expenses per net KWh		0.0000		0.0000

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
HYDROELECTRIC GENERATING PLANT STATISTICS (Large Plants) (Continued)					
5. The items under Cost of Plant represent accounts or combinations of accounts prescribed by the Uniform System of Accounts. Production Expenses do not include Purchased Power, System control and Load Dispatching, and Other Expenses classified as "Other Power Supply Expenses."					
6. Report as a separate plant any plant equipped with combinations of steam, hydro, internal combustion engine, or gas turbine equipment.					
FERC Licensed Project No. 0 Plant Name: (d)	FERC Licensed Project No. 0 Plant Name: (e)	FERC Licensed Project No. 0 Plant Name: (f)			Line No.
					1
					2
					3
					4
0.00	0.00	0.00			5
0	0	0			6
0	0	0			7
					8
0	0	0			9
0	0	0			10
0	0	0			11
0	0	0			12
					13
0	0	0			14
0	0	0			15
0	0	0			16
0	0	0			17
0	0	0			18
0	0	0			19
0	0	0			20
0.0000	0.0000	0.0000			21
					22
0	0	0			23
0	0	0			24
0	0	0			25
0	0	0			26
0	0	0			27
0	0	0			28
0	0	0			29
0	0	0			30
0	0	0			31
0	0	0			32
0	0	0			33
0	0	0			34
0.0000	0.0000	0.0000			35

Name of Respondent The Narragansett Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
PUMPED STORAGE GENERATING PLANT STATISTICS (Large Plants)				
<p>1. Large plants and pumped storage plants of 10,000 Kw or more of installed capacity (name plate ratings)</p> <p>2. If any plant is leased, operating under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, indicate such facts in a footnote. Give project number.</p> <p>3. If net peak demand for 60 minutes is not available, give the which is available, specifying period.</p> <p>4. If a group of employees attends more than one generating plant, report on line 8 the approximate average number of employees assignable to each plant.</p> <p>5. The items under Cost of Plant represent accounts or combinations of accounts prescribed by the Uniform System of Accounts. Production Expenses do not include Purchased Power System Control and Load Dispatching, and Other Expenses classified as "Other Power Supply Expenses."</p>				
Line No.	Item (a)	FERC Licensed Project No. Plant Name: (b)		
1	Type of Plant Construction (Conventional or Outdoor)			
2	Year Originally Constructed			
3	Year Last Unit was Installed			
4	Total installed cap (Gen name plate Rating in MW)			
5	Net Peak Demand on Plant-Megawatts (60 minutes)			
6	Plant Hours Connect to Load While Generating			
7	Net Plant Capability (in megawatts)			
8	Average Number of Employees			
9	Generation, Exclusive of Plant Use - Kwh			
10	Energy Used for Pumping			
11	Net Output for Load (line 9 - line 10) - Kwh			
12	Cost of Plant			
13	Land and Land Rights			
14	Structures and Improvements			
15	Reservoirs, Dams, and Waterways			
16	Water Wheels, Turbines, and Generators			
17	Accessory Electric Equipment			
18	Miscellaneous Powerplant Equipment			
19	Roads, Railroads, and Bridges			
20	Asset Retirement Costs			
21	Total cost (total 13 thru 20)			
22	Cost per KW of installed cap (line 21 / 4)			
23	Production Expenses			
24	Operation Supervision and Engineering			
25	Water for Power			
26	Pumped Storage Expenses			
27	Electric Expenses			
28	Misc Pumped Storage Power generation Expenses			
29	Rents			
30	Maintenance Supervision and Engineering			
31	Maintenance of Structures			
32	Maintenance of Reservoirs, Dams, and Waterways			
33	Maintenance of Electric Plant			
34	Maintenance of Misc Pumped Storage Plant			
35	Production Exp Before Pumping Exp (24 thru 34)			
36	Pumping Expenses			
37	Total Production Exp (total 35 and 36)			
38	Expenses per KWh (line 37 / 9)			

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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PUMPED STORAGE GENERATING PLANT STATISTICS (Large Plants) (Continued)

6. Pumping energy (Line 10) is that energy measured as input to the plant for pumping purposes.
 7. Include on Line 36 the cost of energy used in pumping into the storage reservoir. When this item cannot be accurately computed leave Lines 36, 37 and 38 blank and describe at the bottom of the schedule the company's principal sources of pumping power, the estimated amounts of energy from each station or other source that individually provides more than 10 percent of the total energy used for pumping, and production expenses per net MWH as reported herein for each source described. Group together stations and other resources which individually provide less than 10 percent of total pumping energy. If contracts are made with others to purchase power for pumping, give the supplier contract number, and date of contract.

FERC Licensed Project No. Plant Name: (c)	FERC Licensed Project No. Plant Name: (d)	FERC Licensed Project No. Plant Name: (e)	Line No.
			1
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Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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GENERATING PLANT STATISTICS (Small Plants)

1. Small generating plants are steam plants of, less than 25,000 Kw; internal combustion and gas turbine-plants, conventional hydro plants and pumped storage plants of less than 10,000 Kw installed capacity (name plate rating). 2. Designate any plant leased from others, operated under a license from the Federal Energy Regulatory Commission, or operated as a joint facility, and give a concise statement of the facts in a footnote. If licensed project, give project number in footnote.

Line No.	Name of Plant (a)	Year Orig. Const. (b)	Installed Capacity Name Plate Rating (In MW) (c)	Net Peak Demand MW (60 min.) (d)	Net Generation Excluding Plant Use (e)	Cost of Plant (f)
1						
2						
3						
4						
5						
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7						
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16						
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Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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GENERATING PLANT STATISTICS (Small Plants) (Continued)

3. List plants appropriately under subheadings for steam, hydro, nuclear, internal combustion and gas turbine plants. For nuclear, see instruction 11, Page 403. 4. If net peak demand for 60 minutes is not available, give the which is available, specifying period. 5. If any plant is equipped with combinations of steam, hydro internal combustion or gas turbine equipment, report each as a separate plant. However, if the exhaust heat from the gas turbine is utilized in a steam turbine regenerative feed water cycle, or for preheated combustion air in a boiler, report as one plant.

Plant Cost (Incl Asset Retire. Costs) Per MW (g)	Operation Exc'l. Fuel (h)	Production Expenses		Kind of Fuel (k)	Fuel Costs (in cents per Million Btu) (l)	Line No.
		Fuel (i)	Maintenance (j)			
						1
						2
						3
						4
						5
						6
						7
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						42
						43
						44
						45
						46

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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TRANSMISSION LINE STATISTICS

1. Report information concerning transmission lines, cost of lines, and expenses for year. List each transmission line having nominal voltage of 132 kilovolts or greater. Report transmission lines below these voltages in group totals only for each voltage.
2. Transmission lines include all lines covered by the definition of transmission system plant as given in the Uniform System of Accounts. Do not report substation costs and expenses on this page.
3. Report data by individual lines for all voltages if so required by a State commission.
4. Exclude from this page any transmission lines for which plant costs are included in Account 121, Nonutility Property.
5. Indicate whether the type of supporting structure reported in column (e) is: (1) single pole wood or steel; (2) H-frame wood, or steel poles; (3) tower; or (4) underground construction. If a transmission line has more than one type of supporting structure, indicate the mileage of each type of construction by the use of brackets and extra lines. Minor portions of a transmission line of a different type of construction need not be distinguished from the remainder of the line.
6. Report in columns (f) and (g) the total pole miles of each transmission line. Show in column (f) the pole miles of line on structures the cost of which is reported for the line designated; conversely, show in column (g) the pole miles of line on structures the cost of which is reported for another line. Report pole miles of line on leased or partly owned structures in column (g). In a footnote, explain the basis of such occupancy and state whether expenses with respect to such structures are included in the expenses reported for the line designated.

Line No.	DESIGNATION		VOLTAGE (KV) (Indicate where other than 60 cycle, 3 phase)		Type of Supporting Structure (e)	LENGTH (Pole miles) (In the case of underground lines report circuit miles)		Number Of Circuits (h)
	From (a)	To (b)	Operating (c)	Designed (d)		On Structure of Line Designated (f)	On Structures of Another Line (g)	
1	Line 315 Cumberland, RI	Structure 385,						
2	Wrentham, Massachusetts	Woonsocket, Rhode Island	345.00	345.00	WHF	7.90		1
3	State Line							
4	Line 332 West Farnum Sub	Kent County Substations						
5	Substations, North	Warwick, Rhode Island	345.00	345.00	WPHF	21.40		1
6	Smithfield, Rhode Island							
7	Line 347 & 336 Connecticut	Sherman Road Substations						
8	Line	Burrillville, Rhode Island	345.00	345.00	H-Frame	8.70		1
9								
10	Line 328 & 333 Sherman	West Farnum Substations						
11	Burrillville, Rhode Island	North Smithfield,	345.00	345.00	H-Frame	9.20		1
12		Rhode Island						
13	Various		115.00	115.00	Various	245.55		
14	Various		115.00	115.00	Underground	13.60		
15	Various		69.00	69.00	Wood Pole	4.80		
16	Various		69.00	69.00	WHF	8.80		
17								
18								
19								
20								
21								
22								
23								
24								
25	ALL LINES							
26								
27								
28								
29								
30								
31								
32								
33								
34								
35								
36					TOTAL	319.95		4

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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TRANSMISSION LINE STATISTICS (Continued)

7. Do not report the same transmission line structure twice. Report Lower voltage Lines and higher voltage lines as one line. Designate in a footnote if you do not include Lower voltage lines with higher voltage lines. If two or more transmission line structures support lines of the same voltage, report the pole miles of the primary structure in column (f) and the pole miles of the other line(s) in column (g)

8. Designate any transmission line or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of lessor, date and terms of Lease, and amount of rent for year. For any transmission line other than a leased line, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars (details) of such matters as percent ownership by respondent in the line, name of co-owner, basis of sharing expenses of the Line, and how the expenses borne by the respondent are accounted for, and accounts affected. Specify whether lessor, co-owner, or other party is an associated company.

9. Designate any transmission line leased to another company and give name of Lessee, date and terms of lease, annual rent for year, and how determined. Specify whether lessee is an associated company.

10. Base the plant cost figures called for in columns (j) to (l) on the book cost at end of year.

Size of Conductor and Material (i)	COST OF LINE (Include in Column (j) Land, Land rights, and clearing right-of-way)			EXPENSES, EXCEPT DEPRECIATION AND TAXES				Line No.
	Land (j)	Construction and Other Costs (k)	Total Cost (l)	Operation Expenses (m)	Maintenance Expenses (n)	Rents (o)	Total Expenses (p)	
								1
954MCM	265,624	1,169,714	1,435,338					2
								3
								4
954MCM		5,676,396	5,676,396					5
								6
								7
1024 Alum	437,151	2,260,610	2,697,761					8
								9
								10
1024 Alum	926,280	2,462,436	3,388,716					11
								12
	4,200,890	87,919,485	92,120,375					13
	254,041	32,022,186	32,276,227					14
	31,570	1,160,537	1,192,107					15
								16
								17
								18
								19
								20
								21
								22
								23
								24
				-32,429	3,485,675	485	3,453,731	25
								26
								27
								28
								29
								30
								31
								32
								33
								34
								35
	6,115,556	132,671,364	138,786,920	-32,429	3,485,675	485	3,453,731	36

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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TRANSMISSION LINES ADDED DURING YEAR

1. Report below the information called for concerning Transmission lines added or altered during the year. It is not necessary to report minor revisions of lines.
2. Provide separate subheadings for overhead and under- ground construction and show each transmission line separately. If actual costs of completed construction are not readily available for reporting columns (l) to (o), it is permissible to report in these columns the

Line No.	LINE DESIGNATION		Line Length in Miles (c)	SUPPORTING STRUCTURE		CIRCUITS PER STRUCTURE	
	From (a)	To (b)		Type (d)	Average Number per Miles (e)	Present (f)	Ultimate (g)
1							
2							
3							
4							
5							
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42							
43							
44	TOTAL						

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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TRANSMISSION LINES ADDED DURING YEAR (Continued)

costs. Designate, however, if estimated amounts are reported. Include costs of Clearing Land and Rights-of-Way, and Roads and Trails, in column (l) with appropriate footnote, and costs of Underground Conduit in column (m).

3. If design voltage differs from operating voltage, indicate such fact by footnote; also where line is other than 60 cycle, 3 phase, indicate such other characteristic.

CONDUCTORS			Voltage KV (Operating) (k)	LINE COST					Line No.
Size (h)	Specification (i)	Configuration and Spacing (j)		Land and Land Rights (l)	Poles, Towers and Fixtures (m)	Conductors and Devices (n)	Asset Retire. Costs (o)	Total (p)	
									1
									2
									3
									4
									5
									6
									7
									8
									9
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SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.
2. Substations which serve only one industrial or street railway customer should not be listed below.
3. Substations with capacities of Less than 10 MVA except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVA)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Admiral Street 9	DISTRIBUTION Unatted	23.00	11.00	
2	Admiral Street 9	DISTRIBUTION Unatted	23.00	4.16	
3	Admiral Street 9	TRANSMISSION Unatted	115.00	23.00	
4	Anthony 64	DISTRIBUTION Unatted	23.00	13.20	
5	Apponaug 3	DISTRIBUTION Unatted	23.00	13.20	
6	Arctic 49	DISTRIBUTION Unatted	23.00	2.30	
7	Ashaway 43	DISTRIBUTION Unatted	34.50	12.47	
8	Auburn 73	DISTRIBUTION Unatted	23.00	4.16	
9	Bailey Brook 19	DISTRIBUTION Unatted	23.00	4.16	
10	Barrington 4	DISTRIBUTION Unatted	23.00	13.20	
11	Bonnet 42	DISTRIBUTION Unatted	34.50	12.47	
12	Bristol 51	DISTRIBUTION Unatted	23.00	12.47	
13	Bristol 51	TRANSMISSION Unatted	115.00	13.20	
14	Central Falls 104	DISTRIBUTION Unatted	14.40	2.40	
15	Central Falls 104	DISTRIBUTION Unatted	23.00	4.36	
16	Centre St Unit 106	DISTRIBUTION Unatted	13.80	13.80	
17	Centredale 50	DISTRIBUTION Unatted	23.00	13.20	
18	Centredale 50	DISTRIBUTION Unatted	23.00	2.40	
19	Chopmist 34	DISTRIBUTION Unatted	23.00	13.20	
20	Clarke Street 13	DISTRIBUTION Unatted	23.00	4.16	
21	Clarkson Street 13	TRANSMISSION Unatted	115.00	13.20	
22	Cottage Street 111	DISTRIBUTION Unatted	13.80	4.16	
23	Coventry 54	DISTRIBUTION Unatted	23.00	12.47	
24	Crossman Street 111	DISTRIBUTION Unatted	13.80	4.36	
25	Daggett Ave 113	DISTRIBUTION Unatted	13.80	2.52	
26	Davisville 84	TRANSMISSION Unatted	115.00	34.50	
27	Dexter 36	TRANSMISSION Unatted	69.00	24.00	
28	Dexter 36	TRANSMISSION Unatted	115.00	72.00	
29	Division Street 61	DISTRIBUTION Unatted	34.50	12.47	
30	Drumrock 14	TRANSMISSION Unatted	115.00	23.50	
31	Dyer Street 2	DISTRIBUTION Unatted	11.50	4.16	2.40
32	East George St 77	DISTRIBUTION Unatted	23.00	4.16	
33	Eldred 45	DISTRIBUTION Unatted	23.00	4.16	
34	Elmwood 7 - Outdoor	DISTRIBUTION Unatted	23.00	11.00	
35	Elmwood 7 - Outdoor	DISTRIBUTION Unatted	23.00	13.20	
36	Elmwood 7 Indoor	DISTRIBUTION Unatted	23.00	2.30	
37	Famum Pike 23	TRANSMISSION Unatted	115.00	13.20	
38	Famum Sub 105	TRANSMISSION Unatted	115.00	24.00	
39	Franklin Square 11	DISTRIBUTION Unatted	23.00	11.00	
40	Franklin Square 11	DISTRIBUTION Unatted	34.50	11.00	

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SUBSTATIONS

- Report below the information called for concerning substations of the respondent as of the end of the year.
- Substations which serve only one industrial or street railway customer should not be listed below.
- Substations with capacities of Less than 10 MVA except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
- Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVA)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Franklin Square 11	TRANSMISSION Unattended	115.00	11.50	
2	Franklin Square	TRANSMISSION Unattended	115.00	66.40	
3	Front St 24	DISTRIBUTION Unattended	13.80	2.52	
4	Gate II 38	DISTRIBUTION Unattended	23.00	23.00	
5	Gate II 38	TRANSMISSION Unattended	69.00	24.00	
6	Geneva 71	DISTRIBUTION Unattended	23.00	4.16	
7	Harris Avenue 12	DISTRIBUTION Unattended	23.00	4.16	
8	Harrison 32	DISTRIBUTION Unattended	23.00	4.16	
9	Hope 15	DISTRIBUTION Unattended	23.00	7.20	
10	Hope 15	DISTRIBUTION Unattended	23.00	13.20	
11	Hope Valley 41	DISTRIBUTION Unattended	34.50	12.47	
12	Hopkins Hill 63	DISTRIBUTION Unattended	34.50	12.47	
13	Hospital Sub 146	DISTRIBUTION Unattended	23.00	4.16	
14	Hunt River 40	DISTRIBUTION Unattended	34.50	34.50	
15	Huntington Park 67	DISTRIBUTION Unattended	23.00	2.30	
16	Hyde Ave 28	DISTRIBUTION Unattended	13.80	4.16	
17	Jepson 37	DISTRIBUTION Unattended	23.00	4.16	
18	Jepson 37	DISTRIBUTION Unattended	23.00	23.00	
19	Jepson 37	TRANSMISSION Unattended	69.00	13.80	
20	Jepson 37	TRANSMISSION Unattended	69.00	24.00	
21	Jepson 37	TRANSMISSION Unattended	69.00	8.24	
22	Johnston 18	TRANSMISSION Unattended	115.00	13.20	
23	Johnston 18	TRANSMISSION Unattended	115.00	23.50	13.20
24	Kent County 22	TRANSMISSION Unattended	115.00	13.20	
25	Kent County 22	TRANSMISSION Unattended	115.00	34.50	
26	Kent County 22	TRANSMISSION Unattended	345.00	115.00	
27	Kents Corner 47	DISTRIBUTION Unattended	23.00	2.40	
28	Kenyon 68	TRANSMISSION Unattended	115.00	13.20	
29	Kilvert Street 87	TRANSMISSION Unattended	115.00	13.20	
30	Kingston 131	DISTRIBUTION Unattended	23.00	4.16	
31	Knightsville 66	DISTRIBUTION Unattended	23.00	4.16	
32	Lafayette 30	DISTRIBUTION Unattended	34.50	12.47	
33	Lakewood 57	DISTRIBUTION Unattended	23.00	4.16	
34	Langworthy Corner 86	DISTRIBUTION Unattended	34.50	12.47	
35	Lee Street 30	DISTRIBUTION Unattended	13.80	2.52	
36	Lincoln Avenue 72	TRANSMISSION Unattended	115.00	13.20	
37	Lippitt Hill 79	DISTRIBUTION Unattended	23.00	7.20	
38	Manton 69	DISTRIBUTION Unattended	23.00	13.20	
39	Merton 51	DISTRIBUTION Unattended	23.00	2.40	
40	Merton 51	DISTRIBUTION Unattended	23.00	4.16	

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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SUBSTATIONS

- Report below the information called for concerning substations of the respondent as of the end of the year.
- Substations which serve only one industrial or street railway customer should not be listed below.
- Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
- Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Nasonville 127	TRANSMISSION Unatted	115.00	14.40	
2	Natick 29	DISTRIBUTION Unatted	23.00	13.20	
3	North Aquidneck 21	DISTRIBUTION Unatted	23.00	4.16	
4	Old Baptist Road 46	TRANSMISSION Unatted	115.00	13.20	
5	Olneyville 6	DISTRIBUTION Unatted	11.50	2.30	
6	Olneyville 6	DISTRIBUTION Unatted	11.50	4.16	
7	Pawtucket 1 107 Sub	TRANSMISSION Unatted	115.00	14.40	
8	Pawtucket 2 Station 148	DISTRIBUTION Unatted	13.80	4.16	
9	Pawtuxet 31	DISTRIBUTION Unatted	23.00	2.30	
10	Peacedale 59	DISTRIBUTION Unatted	34.50	12.47	
11	Phillipsdale 20	DISTRIBUTION Unatted	23.00	13.20	
12	Phillipsdale 20	TRANSMISSION Unatted	115.00	23.50	
13	Point Street 76	TRANSMISSION Unatted	115.00	13.20	
14	Pontiac 27	TRANSMISSION Unatted	115.00	13.20	
15	Putnam Pike 38	TRANSMISSION Unatted	115.00	13.20	
16	Quonset 83	DISTRIBUTION Unatted	34.50	12.47	
17	Riverside 8	TRANSMISSION Unatted	115.00	14.40	
18	Rochambeau Avenue 37	DISTRIBUTION Unatted	11.50	4.16	
19	Rochambeau Avenue 37	DISTRIBUTION Unatted	23.00	4.16	
20	Sockanosset 24	TRANSMISSION Unatted	115.00	23.00	
21	South Aquidneck 122	DISTRIBUTION Unatted	23.00	4.16	
22	South Street Switch Yard	DISTRIBUTION Unatted	23.00	11.50	
23	South Street Switch Yard	TRANSMISSION Unatted	115.00	11.50	
24	Southeast Sub 60	DISTRIBUTION Unatted	13.80	2.52	
25	Sprague Street 36	DISTRIBUTION Unatted	23.00	2.40	
26	Staples 112	TRANSMISSION Unatted	115.00	13.80	
27	Tiverton 2 33	TRANSMISSION Unatted	115.00	13.20	
28	Tower Hill 88	TRANSMISSION Unatted	115.00	13.20	
29	Valley Sub 102	TRANSMISSION Unatted	115.00	13.80	
30	Valley Sub 102	TRANSMISSION Unatted	115.00	14.40	
31	Valley Sub 102	TRANSMISSION Unatted	115.00	24.00	
32	Vernon 23	DISTRIBUTION Unatted	23.00	4.16	
33	Wakefield 17	DISTRIBUTION Unatted	34.50	12.47	
34	Wakefield 17	DISTRIBUTION Unatted	34.50	13.20	
35	Wampanoag 48	TRANSMISSION Unatted	115.00	13.20	
36	Warren 5	TRANSMISSION Unatted	115.00	13.20	
37	Warren 5	TRANSMISSION Unatted	115.00	24.00	
38	Warwick 52	DISTRIBUTION Unatted	23.00	13.20	
39	Warwick Mall 28	DISTRIBUTION Unatted	23.00	13.20	
40	Washington Sub 126	TRANSMISSION Unatted	115.00	14.40	

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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SUBSTATIONS

- Report below the information called for concerning substations of the respondent as of the end of the year.
- Substations which serve only one industrial or street railway customer should not be listed below.
- Substations with capacities of Less than 10 MVa except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.
- Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended. At the end of the page, summarize according to function the capacities reported for the individual stations in column (f).

Line No.	Name and Location of Substation (a)	Character of Substation (b)	VOLTAGE (In MVa)		
			Primary (c)	Secondary (d)	Tertiary (e)
1	Waterman Ave 78	DISTRIBUTION Unatted	23.00	13.20	
2	West Cranston 21	TRANSMISSION Unatted	115.00	13.20	
3	West Farnum 17	TRANSMISSION Unatted	345.00	115.00	
4	West Greenville 45	DISTRIBUTION Unatted	23.00	13.20	
5	West Howard 154	DISTRIBUTION Unatted	23.00	4.16	
6	West Kingston 62	TRANSMISSION Unatted	115.00	34.50	
7	Westerly 16	DISTRIBUTION Unatted	34.50	12.47	
8	Westerly 16	DISTRIBUTION Unatted	34.50	2.40	
9	Wolf Hill 19	TRANSMISSION Unatted	115.00	23.00	
10	Wood River 85	TRANSMISSION Unatted	115.00	34.50	
11	Woonsocket 26	TRANSMISSION Unatted	115.00	115.00	
12					
13					
14					
15					
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Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
30	2		AUTO			1
12	1		TRF			2
100	2		TRF			3
14	2		TRF			4
23	2		TRF			5
10	4		TRF			6
6	1		TRF			7
16	2		TRF			8
14	2		LTC			9
25	1		TRF			10
9	1		TRF			11
20	1		TRF			12
40	1		TRF			13
3	3		TRF			14
3	1		TRF			15
	1		LTC			16
12	2		TRF			17
5	1		TRF			18
28	3		TRF			19
3	2		LTC			20
110	2		TRF			21
7	1		LTC			22
9	1		TRF			23
7	1		LTC			24
	1		LTC			25
80	2		TRF			26
20	1		TRF			27
212	3		AUTO			28
40	2		LTC			29
226	3		TRF			30
25	2		TRF			31
18	2		LTC			32
12	2		LTC			33
1	3		TRF			34
33	1		TRF			35
15	2		TRF			36
130	3		LTC			37
33	1		TRF			38
51	4		TRF			39
40	2		TRF			40

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

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Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
120	3		TRF			1
56	1		LTC			2
	1		LTC			3
7	2		TRF			4
46	1		LTC			5
15	2		TRF			6
17	2		TRF			7
14	2		LTC			8
6	1		TRF			9
9	1		TRF			10
5	1		TRF			11
80	2		TRF			12
7	2		LTC			13
18	1		TRF			14
3	3		TRF			15
5	1		LTC			16
8	1		TRF			17
1	2		TRF			18
37	1		LTC			19
45	3		LTC			20
41	1		LTC			21
95	2		TRF			22
155	2		TRF			23
60	2		TRF			24
166	3		TRF			25
848	2		AUTO			26
10	2		TRF			27
80	2		TRF			28
55	1		TRF			29
14	2		LTC			30
15	2		TRF			31
15	2		TRF			32
16	2		TRF			33
7	1		TRF			34
7	1		LTC			35
80	2		TRF			36
40	2		LTC			37
20	1		LTC			38
2	1		LTC			39
7	1		LTC			40

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
46	1		LTC			1
18	2		TRF			2
7	1		LTC			3
80	2		TRF			4
5	1		TRF			5
18	2		TRF			6
140	1		LTC			7
14	2		LTC			8
3	3		TRF			9
40	2		TRF			10
20	1		LTC			11
83	2		TRF			12
110	2		TRF			13
80	2		LTC			14
80	2		TRF			15
20	1		LTC			16
116	3		LTC			17
9	1		LTC			18
9	1		LTC			19
80	2		TRF			20
7	1		LTC			21
35	4		TRF			22
162	3		LTC			23
7	1		LTC			24
15	2		TRF			25
40	1		LTC			26
65	2		TRF			27
40	1		LTC			28
30	1		LTC			29
33	1		LTC			30
37	1		LTC			31
12	3		LTC			32
9	2		TRF			33
9	1		TRF			34
80	2		TRF			35
80	2		TRF			36
100	2		TRF			37
17	2		TRF			38
13	2		TRF			39
92	2		LTC			40

Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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SUBSTATIONS (Continued)

5. Show in columns (l), (j), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease, and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses or other accounting between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Capacity of Substation (In Service) (In MVA) (f)	Number of Transformers In Service (g)	Number of Spare Transformers (h)	CONVERSION APPARATUS AND SPECIAL EQUIPMENT			Line No.
			Type of Equipment (i)	Number of Units (j)	Total Capacity (In MVA) (k)	
25	2		TRF			1
40	2		LTC			2
748	2		AUTO			3
9	1		TRF			4
21	2		LTC			5
88	2		TRF			6
40	2		LTC			7
10	2		TRF			8
50	1		TRF			9
120	2		LTC			10
40	1		LTC			11
						12
						13
						14
						15
						16
						17
						18
						19
						20
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Name of Respondent The Narragansett Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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TRANSACTIONS WITH ASSOCIATED (AFFILIATED) COMPANIES

- Report below the information called for concerning all non-power goods or services received from or provided to associated (affiliated) companies.
- The reporting threshold for reporting purposes is \$250,000. The threshold applies to the annual amount billed to the respondent or billed to an associated/affiliated company for non-power goods and services. The good or service must be specific in nature. Respondents should not attempt to include or aggregate amounts in a nonspecific category such as "general".
- Where amounts billed to or received from the associated (affiliated) company are based on an allocation process, explain in a footnote.

Line No.	Description of the Non-Power Good or Service (a)	Name of Associated/Affiliated Company (b)	Account Charged or Credited (c)	Amount Charged or Credited (d)
1	Non-power Goods or Services Provided by Affiliated			
2		National Grid USA		-526,848
3		Nantucket Electric Company		-4,032,254
4		Massachusetts Electric Company		28,508,385
5		New England Power Company		-42,218,284
6		Niagara Mohawk Power Corp.		5,063,683
7		Valley Appliance & Merchandise		-335,777
8		National Grid USA Service Co.		319,385,007
9		KeySpan Utility Service LLC		318,463
10		KeySpan Corporate Services LLC		28,237,378
11				
12				
13				
14				
15				
16				
17				
18				
19				
20	Non-power Goods or Services Provided for Affiliate			
21		National Grid USA		-1,990,355
22		Massachusetts Electric Company		7,671,130
23		New England Power Company		2,278,518
24		Valley Appliance & Merchandise		934,620
25		National Grid USA Service Co.		15,617,136
26		Boston Gas Company		776,644
27		Colonial Gas Company		289,346
28				
29				
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41				
42				

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
The Narragansett Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) / /	2011/Q4
FOOTNOTE DATA			

Schedule Page: 429 Line No.: 2 Column: d

National Grid USA		
Claims	\$	1,640,472
Consultants		(37,568)
Group Life Insurance		665,246
Health Care		6,405,062
Other		(10,863,471)
Other Benefits		(42,892)
Payroll Taxes		386,073
Workers Comp		1,320,232
Total	\$	(526,848)

Schedule Page: 429 Line No.: 3 Column: d

Nantucket Electric Company		
Base OT Pay Monthly	\$	1,359
Contractors Services		(1,926)
Employee Expenses		508
FAS 106		300
Group Life Insurance		84
Health Care		721
Incremental OT Pay Monthly		579
Materials From Inventory		46
Materials Outside Vendor		2,953
Materials Stores Handling		6
Other		(1,480,558)
Payroll Taxes		46,686
Pension		346
Regular Pay Monthly		(354)
Regular Pay Weekly		283

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
The Narragansett Electric Company		/ /	2011/Q4
FOOTNOTE DATA			

Supervision & Admin	513
Thrift Plan	41
Time Not Worked	335
Transportation	214
Variable & Misc Pay	(2,604,335)
Workers Comp	(56)
Total	\$ (4,032,254)

Schedule Page: 429 Line No.: 4 Column: d

Massachusetts Electric Company	
Advertising	\$ 38,209
Base OT Pay Monthly	169,638
Base OT Pay Weekly	178,465
Claims	(30)
Conservation Load Management	251,852
Consultants	(2,501,888)
Contractors Services	(3,639,104)
Employee Expenses	(78,970)
FAS 106	171,321
FAS 112	7,665
Group Life Insurance	13,815
Health Care	129,894
Incremental OT Pay Monthly	25,637
Incremental OT Pay Weekly	107,426
Materials From Inventory	(47,766)
Materials Outside Vendor	(1,144,378)
Materials Stores Handling	(26,291)
Other	32,024,236
Other Benefits	

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The Narragansett Electric Company		/ /	2011/Q4
FOOTNOTE DATA			

Payroll Taxes	6,000
Pension	847,715
Police - Sheriffs-Summons	147,412
Postage	18,277
Printing-Mailing-Promotional	7,597
Regular Pay Monthly	6,161
Regular Pay Weekly	272,932
Rental/Lease Non-Real Estate	190,691
Rental-Lease Real Estate	679,525
Service Co Operating Costs	(156,396)
Supervision & Admin	343
Thrift Plan	264,014
Time Not Worked	20,266
Training	184,679
Transportation	2,979
Variable & Misc Pay	116,387
Workers Comp	204,994
	15,078
Total	\$ 28,508,385

Schedule Page: 429 Line No.: 5 Column: d

New England Power Company	
Consultants	\$ 2,028,755
Contractors Services	1,950,946
Employee Expenses	484
Gasoline - Fuel	1,540
Hardware	605
Materials Outside Vendor	6,452,275
Other	(52,880,587)

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	/ /	2011/Q4
FOOTNOTE DATA			

Rental/Lease Non-Real Estate		226,802
Software		853
Transportation		44
Total	\$	(42,218,284)

Schedule Page: 429 Line No.: 6 Column: d

Niagara Mohawk Power Corp		
Base OT Pay Monthly	\$	9,657
Base OT Pay Weekly		19,511
Clothing and Shoes		7,176
Consultants		63,833
Contractors Services		1,118,946
Employee Expenses		9,247
FAS 106		69,817
FAS 112		142
Gasoline - Fuel		414
Group Life Insurance		608
Health Care		19,630
Incremental OT Pay Monthly		3,598
Incremental OT Pay Weekly		10,925
Materials Outside Vendor		48,168
Other		3,733,231
Payroll Taxes		16,027
Pension		40,166
Postage		88
Regular Pay Monthly		(60,075)
Regular Pay Weekly		(227,055)
Rental/Lease Non-Real Estate		34,666
Supervision & Admin		

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
The Narragansett Electric Company		/ /	2011/Q4
FOOTNOTE DATA			

Thrift Plan	53,524
Time Not Worked	31,002
Transportation	35,078
Variable & Misc Pay	14,832
Workers Comp	7,321
	3,207
Total	\$ 5,063,683

Schedule Page: 429 Line No.: 7 Column: d

Valley Appliance & Merchandise	\$ (335,777)
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Schedule Page: 429 Line No.: 8 Column: d

National Grid USA Service Co.	
Advertising	\$ 15,351
AFUDC - Debt	11,791
Base OT Pay Monthly	1,504,900
Base OT Pay Weekly	1,331,633
Capital Overheads	148
Claims	445,139
Clothing and Shoes	17
Consultants	19,002,334
Contractors Services	107,934,092
Donations	38,078
Dues-Permits-Subscriptions	26,042
Employee Expenses	1,581,761
FAS 106	3,266,859
FAS 112	258,369
Fleet Leasing	427
Freight	15,159
Gasoline - Fuel	1,605,621

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
The Narragansett Electric Company		/ /	2011/Q4
FOOTNOTE DATA			

Group Life Insurance	431,330
Hardware	776,148
Health Care	3,270,783
Incremental OT Pay Monthly	617,523
Incremental OT Pay Weekly	736,852
Legal Settlements	1,329
Materials From Inventory	8,668,971
Materials Outside Vendor	9,490,803
Materials Stores Handling	6,705
Messenger-Courier-Limo Svcs	197
Natural Gas & Odorant	14
Other	105,274,807
Other Benefits	133,051
Payments to Governments	(16)
Payroll Taxes	2,308,550
Pension	4,494,850
Police - Sheriffs-Summons	1,275
Postage	1,656,420
Printing-Mailing-Non Promo	996
Printing-Mailing-Promotional	6,531
RDV Work Delivery	234
Regular Pay Monthly	16,561,603
Regular Pay Weekly	5,665,635
Rental/Lease Non-Real Estate	3,667,470
Rental-Lease Real Estate	767,743
Sales Tax	178,252
Service Co Operating Costs	

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	/ /	2011/Q4
FOOTNOTE DATA			

	(231,395)
Service Co. Equity	
	(532,124)
Software	
	1,513,890
Supervision & Admin	
	275,598
Svcs Purch for Elec Generation	
	146,767
Thrift Plan	
	1,365,882
Time Not Worked	
	4,249,136
Training	
	44,324
Transportation	
	1,630,351
Variable & Misc Pay	
	8,983,751
Workers Comp	
	183,053
Total	\$ 319,385,007

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KeySpan Utility Services LLC		
Dues-Permits-Subscriptions	\$	6
Employee Expenses		5,325
FAS 106		18,584
FAS 112		1,564
Health Care		16,036
Materials From Inventory		4
Materials Outside Vendor		503
Materials Stores Handling		1
Other		164,812
Other Benefits		9,970
Payroll Taxes		7,239
Pension		23,905
Regular Pay Monthly		35,334
Regular Pay Weekly		11,816

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
The Narragansett Electric Company			
FOOTNOTE DATA			

Rental/Lease Non-Real Estate	13,592
Sales Tax	54
Thrift Plan	1,765
Time Not Worked	7,283
Variable & Misc Pay	379
Workers Comp	292
Total	\$ 318,463

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KeySpan Corporate Services LLC	
Advertising	\$ 64,837
Base OT Pay Monthly	71,498
Base OT Pay Weekly	157,502
Clothing and Shoes	255
Consultants	1,238,764
Contractors Services	957,913
Donations	478,701
Dues-Permits-Subscriptions	52,965
Employee Expenses	166,797
FAS 106	667,312
FAS 112	12,344
Fleet Leasing	6,028
Freight	44
Hardware	9,010
Health Care	741,579
Incentive Programs - Other	110
Legal Settlements	(86,677)
Materials From Inventory	565
Materials Outside Vendor	60,902

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
The Narragansett Electric Company		/ /	2011/Q4
FOOTNOTE DATA			

Materials Stores Handling	91
Medical Supplies	1,278
Messenger-Courier-Limo Svcs	73
Other	16,413,936
Other Benefits	855,135
Payments to Banks	(116)
Payments to Governments	1,457
Payroll Taxes	404,234
Pension	909,874
Postage	558
Printing-Mailing-Non Promo	1,542
Printing-Mailing-Promotional	88,683
Regular Pay Monthly	3,340,013
Regular Pay Weekly	130,208
Rental/Lease Non-Real Estate	233,051
Rental-Lease Real Estate	15
Research & Development	3,690
Sales Tax	11,934
Software	47,939
Thrift Plan	105,512
Time Not Worked	533,981
Training	6,485
Transportation	6,582
Variable & Misc Pay	505,684
Workers Comp	35,093
Total	\$ 28,237,378

Name of Respondent The Narragansett Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
FOOTNOTE DATA			

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National Grid USA			
Consultants	\$	3,099	
Other		(1,993,454)	
Total	\$	(1,990,355)	

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Massachusetts Electric Company			
Advertising	\$	649	
Base OT Pay Monthly		198,069	
Base OT Pay Weekly		979,497	
Claims		5,751	
Conservation Load Management		840	
Consultants		(279,368)	
Contractors Services		353,519	
Employee Expenses		110,075	
FAS 106		621,894	
FAS 112		58,118	
Group Life Insurance		51,978	
Hardware		422	
Health Care		373,538	
Incremental OT Pay Monthly		65,979	
Incremental OT Pay Weekly		594,092	
Materials From Inventory		126,050	
Materials Outside Vendor		(26,884)	
Materials Stores Handling		30,788	
Other		408,966	
Payroll Taxes		186,753	
Pension		400,146	
Police - Sheriffs-Summons			

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
The Narragansett Electric Company		/ /	2011/Q4
FOOTNOTE DATA			

	708
Regular Pay Monthly	
	492,150
Regular Pay Weekly	
	619,852
Rental/Lease Non-Real Estate	
	79,770
Supervision & Admin	
	790,305
Thrift Plan	
	142,040
Time Not Worked	
	562,014
Transportation	
	297,404
Variable & Misc Pay	
	369,395
Workers Comp	
	56,622
Total	\$ 7,671,130

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New England Power Company	
Base OT Pay Monthly	\$ 25,043
Base OT Pay Weekly	71,673
Consultants	33,318
Contractors Services	16,541
Employee Expenses	54,089
FAS 106	119,498
FAS 112	10,893
Group Life Insurance	7,883
Health Care	78,591
Incremental OT Pay Weekly	46,442
Materials Outside Vendor	772,542
Other	233,290
Payroll Taxes	38,211
Pension	71,199
Regular Pay Monthly	101,255

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	/ /	2011/Q4
FOOTNOTE DATA			

Regular Pay Weekly	212,136
Rental/Lease Non-Real Estate	900
Supervision & Admin	142,459
Thrift Plan	29,871
Time Not Worked	103,301
Transportation	42,009
Variable & Misc Pay	59,060
Workers Comp	8,316
Total	\$ 2,278,518

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Valley Appliance & Merchandise	
Materials Outside Vendor	\$ 10
Other	934,610
Total	\$ 934,620

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National Grid USA Service Co.	
Base OT Pay Weekly	\$ 3,311
Consultants	2,215
Contractors Services	47,586
Employee Expenses	79,872
FAS 106	59,806
FAS 112	4,845
Gasoline - Fuel	2,612
Group Life Insurance	4,553
Health Care	36,077
Incremental OT Pay Weekly	1,671
Materials Outside Vendor	457
Other	14,824,617
Payroll Taxes	

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
The Narragansett Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	/ /	2011/Q4
FOOTNOTE DATA			

Pension	17,913
Regular Pay Monthly	37,147
Regular Pay Weekly	197,741
Rental/Lease Non-Real Estate	9,884
Software	89,436
Supervision & Admin	2,000
Thrift Plan	72,902
Time Not Worked	13,581
Transportation	52,039
Variable & Misc Pay	30,950
Workers Comp	21,353
	4,567
Total	\$ 15,617,136

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Boston Gas Company	
Materials Outside Vendor	\$ 369
Other	775,855
Transportation	419
Total	\$ 776,644

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Colonial Gas	Materials Outside Vendor	\$ 289,346
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The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-12-12
In re: Application for Long-Term Debt Issuance
Responses to Division's First Set of Data Requests
Issued May 30, 2012

Division 1-5

Request:

Please provide Narragansett Electric's SEC Form 10Q for the quarter ending March 31, 2011.

Response:

The Company is not an SEC registrant, and therefore, the Form 10Q does not exist.

The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-12-12
In re: Application for Long-Term Debt Issuance
Responses to Division's First Set of Data Requests
Issued May 30, 2012

Division 1-6

Request:

Please state whether the planned long-term debt issue will be in the form of secured or unsecured debt. Please explain the basis for the decision.

Response:

The Company has not decided whether to issue secured or unsecured debt to date. The characteristics of the debt issuance will be driven by market conditions and investor demand.

The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-12-12
In re: Application for Long-Term Debt Issuance
Responses to Division's First Set of Data Requests
Issued May 30, 2012

Division 1-7

Request:

Please explain in detail and provide any supporting analysis for the dollar size of the planned long-term debt issue.

Response:

The Company is requesting authority to issue \$250 million to achieve a 50 percent debt to total capitalization ratio and to refinance its anticipated growth in short-term borrowing with long-term debt through March 31, 2014.

The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-12-12
In re: Application for Long-Term Debt Issuance
Responses to Division's First Set of Data Requests
Issued May 30, 2012

Division 1-8

Request:

Please provide a detailed and itemized estimate of all expenses to be incurred by the Company for the planned debt issuance.

Response:

The Company has provided in Exhibit B to its Application a current estimate of costs and expenses of issuing new debt. Exhibit B represents the standard fees charged by investment banks for acting as underwriters on U.S. domestic capital markets issues. The figure of \$0.40 million is an estimate of such expenses as legal fees, auditor fees, trustee fees and printing costs.

The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-12-12
In re: Application for Long-Term Debt Issuance
Responses to Division's First Set of Data Requests
Issued May 30, 2012

Division 1-9

Request:

Please describe the steps that Narragansett Electric plans to take to ensure that debt issuance-related expenses are reasonable and prudent.

Response:

The Company plans on issuing a Request for Proposal to various underwriters and financial institutions who specialize in managing the process of issuing long-term debt as part of its selection process. The Request for Proposal is intended to be used to evaluate the pricing and capabilities of the underwriters, and the role(s) they can play in the debt issuance.

The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-12-12
In re: Application for Long-Term Debt Issuance
Responses to Division's First Set of Data Requests
Issued May 30, 2012

Division 1-10

Request:

If Narragansett Electric has selected an underwriter or marketing agent for the debt issue, please identify and indicate the basis for the selection.

Response:

No selection has been made to date.

Division 1-11

Request:

Will the planned debt issuance be public or a private placement? Please explain the basis of the decision.

Response:

It is likely that the Company will elect to issue in a private offering, either through a revolving credit, term or other bank loan or a traditional private offering to accredited investors made up mostly of insurance companies or in a 144a offering to Qualified Institutional Buyers (QIBs), depending on the size of the offering. The private option provides ease of execution since it typically uses standard documentation and there are no public debt ratings or SEC registration requirements. In addition, the depth of the market provides flexibility with respect to tranche size, maturity, fixed/floating, and amortization structure. Further, the investor audience in the private market is financially sophisticated and needs less protection from issuers than most public investors. The advantage of the sophisticated investor audience allows for quick execution, no public rating requirements and greater acceptance of highly structured or unique credit situations.

The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-12-12
In re: Application for Long-Term Debt Issuance
Responses to Division's First Set of Data Requests
Issued May 30, 2012

Division 1-12

Request:

Will the planned debt issue include such features as call protection. If so, please describe. Please discuss the rationale for including or not including call protection.

Response:

The planned debt issuance will not include a call protection. The inclusion of any call protection would not only affect the price of the bond by the intrinsic value of the call protection, but as such inclusion is not market standard, marketability and consequently pricing would also likely be adversely affected.

The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-12-12
In re: Application for Long-Term Debt Issuance
Responses to Division's First Set of Data Requests
Issued May 30, 2012

Division 1-13

Request:

Will the planned issuance occur at one time or through multiple transactions? Please explain.

Response:

The Company currently has a high short-term borrowing balance and it plans to use the proceeds from the new financing to take down its short-term borrowing balance and maintain a 50 percent debt to capitalization ratio. The issuance may occur in one or more transactions depending upon the level of authorization received and capital market conditions.

The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-12-12
In re: Application for Long-Term Debt Issuance
Responses to Division's First Set of Data Requests
Issued May 30, 2012

Division 1-14

Request:

Is Narragansett Electric considering the use of a Treasury lock to hedge (or partially hedge) the transaction?

Response:

The Company is not currently considering the use of a Treasury lock.

The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-12-12
In re: Application for Long-Term Debt Issuance
Responses to Division's First Set of Data Requests
Issued May 30, 2012

Division 1-15

Request:

Please explain the Company's use of the debt issuance proceeds. In particular, will all proceeds be used for the benefit of Narragansett Electric utility customers? Will any of the debt issuance proceeds be flowed to the Company's parent or corporate affiliates?

Response:

The Company intends to use the debt issuance proceeds to refinance short-term debt, refinance maturing and/or redeemed issues of debt (including, without limitation, previously redeemed issues), finance the capital needs of the Company, or for other general corporate purposes. The debt issuance proceeds will pay down the short-term debt that the Company has borrowed from its affiliates as part of the money pool arrangement.

The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-12-12
In re: Application for Long-Term Debt Issuance
Responses to Division's First Set of Data Requests
Issued May 30, 2012

Division 1-16

Request:

Please describe the Company's short-term debt sources and facilities, including any limitations on short-term borrowing.

Response:

The Company participates with National Grid USA and certain affiliates in a system money pool that is administered by National Grid USA Service Company, Inc. as the agent. Short-term borrowing needs are met first by available funds from the money pool participants. The Company has regulatory approval from FERC to issue up to \$400 million of short-term debt. The Company also currently has board approval for up to \$250 million in non-interest bearing short-term open account advances from its parent company.

The Narragansett Electric Company
d/b/a National Grid
Division Docket No. D-12-12
In re: Application for Long-Term Debt Issuance
Responses to Division's First Set of Data Requests
Issued May 30, 2012

Division 1-17

Request:

Please identify the anticipated time line for the issuance, including supply the Division with any required post closing documents or information.

Response:

The Company intends to issue new debt in the second half of calendar 2012, provided it receives financing authorization from the Division in that time frame, contingent on capital market conditions.

Division 1-18

Request:

The Company entered into a settlement agreement with the Division in connection with its last long-term debt issuance. Please indicate any aspects of that Settlement and the Division's order in that case that the Company believes would be improper in this case. State any reasons for the Company's objections.

Response:

The Company is generally in agreement with the broad outlines of the 2009 Settlement agreement in Docket No. D-09-49. However, issuance and pricing is heavily dependent on market conditions. The Company would respectfully like to point out that pricing and timing of issue is dependent on capital market conditions. Therefore, the Company cannot guarantee provision 6 of the settlement agreement which caps the pricing at benchmark plus 350 basis points and treasury locks as stated in provision 16 of the settlement agreement.